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Canada. Coasting Trade, Royal
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VOLUME

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ROYAL COMMISSION ON COASTING TRADE

MONTREAL SESSIONS

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Oct. 14 & 15, 1955





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Montreal
Oct. 14
Take A
F.T.P.

1 FRIDAY, OCTOBER 14, 1955

2 ---On resuming at 10.05 a.m.

3
4 MR. MUNDELL: Canadian National Railways, Mr.
5 Chairman, are continuing this morning.

6 THE CHAIRMAN: Continue, Mr. Cote, please.

7
8 CHARLES LESLIE McCoy, recalled.

9 MR. COTE: Q. Yesterday, Mr. McCoy, one of
10 the C.P.R. witnesses enumerated the type of tariffs
11 which railways are authorized to published under
12 the Railway Act, and among these were class rate
13 tariffs and commodity rate tariffs?

14 A. Yes, sir.

15 Q. Now, in the case of Newfoundland, I
16 understand, Mr. McCoy, that you have prepared a
17 comparative statement showing the rates applicable
18 to Newfoundland as between the time of Confederation
19 and to this date?

20 A. That is, the date immediately prior to
21 Confederation and as of October 1st, 1955.

22 Q. This pertains to class rates?

23 A. Yes, sir, this exhibit is class rate
24 traffic only.

25 Q. And would you file as Exhibit 130 the
26 statement showing the comparison of class rates
27 applicable to Newfoundland?

28
29 ---EXHIBIT NO. 130: Statement showing comparison
30 of class rates applicable to
Newfoundland.



1 MR. COTE: Q. As shown on the exhibit, Mr.
2 McCoy, the comparison is predicated on the 1st, 5th
3 and 10th class rates?

4 A. Yes, sir.

5 Q. From Montreal and other originating
6 points to various destinations in Newfoundland?

7 A. Yes, sir.

8 Q. Corner Brook, Grand Falls, and St.
9 Johns?

10 A. That is correct.

11 Q. Would you explain as to why you have
12 chosen the 1st, 5th and 10th class?

13 A. Well, sir, coming to Class 1, that is
14 our first class, and in it is included the higher
15 class traffic. We have taken Class 5 which in
16 reality represents the basic carload class traffic.
17 10th class takes in the lower rated commodities.

18 Now, of course, there are the Class 2, 3, 4,
19 6, 7, 8 and 9, but we feel from a carload basis
20 appraisal, 5th class for your manufactured goods
21 and 10th class for lower commodity rates is rep-
22 resentative.

23 Prior to Confederation there were no through
24 rates, either class or commodity, from mainland to
25 Newfoundland destinations, with the result that
26 rates were combined over North Sydney, Nova Scotia;
27 and taking the 5th class rate from Montreal to
28 Corner Brook as representative, it will be noted
29 under Class 5 or 45, the rate is 67 cents to North
30 Sydney, 82 cents beyond, or what we call a through



1 combination rate of \$1.49 per hundred pounds.

2 Q. It was the addition of the rail rate to
3 North Sydney from Montreal plus the water rate from
4 North Sydney to Newfoundland at Corner Brook?

5 A. Plus water and rail rates, water to
6 Port aux Basques from North Sydney and rail from
7 Port Aux Basques to Corner Brook. In other words,
8 really a combination, that service there. It may
9 have been that in certain instances they moved
10 shipments direct by water from North Sydney to
11 Corner Brook, I have no knowledge of that, but in
12 any event the rate was basically a combination of a
13 water movement and a rail movement.

14 Q. At that time which were the coastal
15 vessels taking that traffic at North Sydney?

16 A. They were owned by the Newfoundland
17 Railway, and operated by them.

18 Q. Was North Sydney the only point where
19 you delivered traffic destined for Newfoundland?

20 A. No, also delivered at Montreal as well
21 as at Halifax.

22 Q. Montreal and Halifax?

23 A. Montreal and Halifax, yes, the vessel
24 lines.

25 Q. And there were also combination rates?

26 A. Yes, sir. In our lining up the new
27 rates on Confederation, we of course centered our
28 basis on North Sydney.

29 Q. On North Sydney?

30 A. Because the terms of union refer to



1 the North Sydney, Port aux Basques gateway.

2 Q. Now, Mr. McCoy, looking at Corner Brook
3 there in the first column you see "5 or 45". What
4 do you mean by that?

5 A. Well, sir, our class rate structure as
6 the result of equalization is changed in this
7 respect. Prior to March 1st of this year our class
8 rates were numbered 1, 2, 3, 4, 5 down to 10. Under
9 equalization we are changing it to a column basis,
10 taking column 100 as our key class, and class 5
11 is 45% of 1st class or column 100; 10th is 27% of
12 column 100.

13 Q. Meaning to say that if the rate on 1st
14 class is \$1 per hundred pounds, 5th class rate would
15 be 45 cents?

16 A. Yes, sir, and the 10th class 27 cents.
17 I might say we are patterning that off what has
18 transpired in the United States under their general
19 equalization of freight rate. It is really a very
20 simple matter of calling rates and it gives a uniform
21 relationship to the classes so far as equalization
22 is concerned in Canada. Equalization, of course,
23 does not apply east of Levis, Quebec, that is
24 excepted.

25 Q. Now, could you tell the Commission
26 briefly what are the factors that are considered
27 in establishing the classification?

28 A. Well, classification ratings reflected
29 largely what we call the value of service principle.
30 For example, sand and gravel, we will say, could



1 not take the same rates as machinery, and in addition
2 we have your higher valued articles, dry goods. We
3 also have to look at packing requirements and what
4 we can get into a car. In other words, I believe
5 our furniture minimum for a carload standard class
6 car, 40 feet about in length, inside measurement,
7 is 14,000 pounds. Many other commodities we have
8 24,000 pounds minimum, 36,000. I think the maximum
9 is fifty. I am not too sure. I think the maximum
10 would be fifty on ores and concentrates.

11 All that applies only so far as classification
12 is concerned. There are many higher minimum rates
13 in our commodity rates, but summarizing the
14 classification it can generally be said that we
15 invariably try to arrive at a value of service
16 principle. In other words, once they are in our
17 classification, to take into consideration com-
18 petitive rates or rates influenced by other methods
19 of competition.

20 Q. But in effect all known commodities
21 that could move by rail are classified?

22 A. Yes, sir. In fact, we have a new
23 classification, relatively new, issued effective
24 March 1st of this year, and the so-called
25 classification revision committee did their utmost
26 to get into the classification all articles that
27 would have applied for rail transportation. Of
28 course, as new commodities are manufactured or
29 coming into production, we automatically change
30 our classification by amending it to include it.



1 We are not always up to date, we do our best on that.

2 I might say that we are even looking forward
3 now to handling some atomic energy materials. We
4 have nothing on that yet, but that is something we
5 have got to study.

6 Q. But the classification is a document
7 that keeps on being amended?

8 A. Yes, sir, as required. As a matter of
9 fact, the regulations were rather cumbersome up
10 until probably three or four years ago, and we got
11 special permission from the Board to issue what
12 you might call an advanced tariff where new ratings
13 as decided by the railways are published. Later on
14 they are picked up in the classification. In other
15 words, we had to move faster than the original
16 legislation permitted us to do, and the Board,
17 fortunately for us, gave us relief.

18 Q. Going back to Exhibit 130, you have
19 already explained that prior to Confederation the
20 combination rate to Newfoundland on fifth class
21 commodities was \$1.49 per hundred pounds?

22 A. To Corner Brook.

23 Q. To Corner Brook. Now, would you tell
24 the Commission what the rate became after Con-
25 federation?

26 A. \$1.19 per hundred pounds, a reduction
27 of 30 cents per hundred pounds.

28 Q. Is that the combination or is that a
29 through rate?

30 A. Through rate, sir. The reason for



1 that, of course, is that under Confederation the
2 boat line operation between North Sydney and Port
3 aux Basques was declared to be a rail route, the
4 equivalent of a rail route.

5 Q. So then the \$1.19 was an all-rail rate
6 to Newfoundland?

7 A. For all tariff purposes, yes, sir.

8 Q. For all tariff purposes?

9 A. Yes, as if there had been no water.

10 Q. As if there had been no water at all?

11 A. That is correct, and no transfer at
12 either North Sydney or Port aux Basques.

13 Q. And now the same rate from Montreal to
14 Corner Brook as on October 1st, 1955?

15 A. \$1.25, sir.

16 Q. Now, between 1949 and 1955 I suppose
17 there were gradual modifications?

18 A. Yes, sir. We had our percentage
19 increases. I will give you the final percentage
20 increases in each case. We had a 20% increase
21 effective June 16, 1950; a 17% increase effective
22 February 11, 1952; a 9% increase effective
23 January 1st, 1953; and a 7% increase effective
24 March 16, 1953.

25 Now, in addition to that, the Board of
26 Transport Commissioners for Canada in an order
27 issued, as I recall, In January, 1951, reduced
28 the rates, class and commodity, from the mainland
29 to Newfoundland, and also there were certain
30 reductions as well as increases made under



1 equalization effective on March 1st, 1955. I
2 believe the Montreal rates were reduced; Kingston
3 rates about on a level, and as I recall, increases
4 from Toronto, Oshawa and so on. Western Canadian
5 rates were reduced in the majority of cases. I am
6 speaking only, of course, on class rates at this
7 time.

8 Q. Looking again at Exhibit 130, you show
9 the relationship of the present rate as compared
10 with the rate in effect on March 31st, 1949?

11 A. Yes, sir.

12 Q. What is the significance of that
13 capital I in brackets there looking at the
14 Montreal, Corner Brook rate?

15 A. The capital I is explained in detail
16 on page 4 of the exhibit, "Increase".

17 Q. Increase?

18 A. Yes, sir, 19 cents per hundred pounds
19 or 7.4%. Under Class 5, of course, there is a
20 reduction, the circled capital R referring to
21 reduction, of 24 cents per hundred pounds, or
22 16%.

23 Q. So on the first class rate, Montreal
24 to Corner Brook, there is to-day an increase of
25 19 cents per hundred pounds?

26 A. Yes, sir.

27 Q. And on the 5th class a reduction
28 of 24 cents?

29 A. Yes, sir. I perhaps should further
30 explain, to possibly avoid confusion, that in



1 respect to Class 10 or 27, it will be noted from
2 North Sydney we have a figure 1 in brackets and
3 the explanation of that is:

4 "No class rates in effect -- articles not
5 "accorded special commodity rates are
6 "carried only by special contract."

7 That situation, of course, does not exist to-day
8 because we have through rates.

9 Q. There was also evidence yesterday, Mr.
10 McCoy, that about 1939 there was established a rail-
11 water rate to Newfoundland?

12 A. In 1949, sir, not 1939.

13 Q. In 1949?

14 A. Yes, sir, the Canadian National rates,
15 as I have explained, were first published effective
16 April 1st, 1949, via North Sydney, Port aux Basques
17 gateway only. As Mr. Edsforth has testified,
18 Canadian Pacific published rates, class and
19 commodity, to Corner Brook and St. Johns. I
20 believe they were effective some time in May or
21 June, 1949. In August, 1949, the Canadian National
22 published similar rates in connection with vessel
23 lines operating through Montreal and Halifax.

24 Q. As of that time, how did the rail-
25 water rate compare with the Canadian National all-
26 rail rate to Newfoundland?

27 A. They were the same.

28 Q. They were the same?

29 A. Yes, sir. In other words, you really
30 have three -- well, you could say four or five



1 routes, taking the same rates. You have the
2 Canadian National route direct through North Sydney
3 and Port aux Basques. You have the Canadian
4 National via Montreal and vessel to North Sydney
5 and Port aux Basques; an additional route through
6 Halifax; and in addition there are, of course, the
7 Canadian Pacific routes through Montreal and Saint
8 John, New Brunswick.

9 To the best of my knowledge, the Canadian
10 Pacific rate is through Saint John. It does not go
11 through Halifax. I think I am correct on that.

12 Before leaving that exhibit, sir, I would
13 like to also point out that the rates in Exhibit 130
14 as of March 31st, 1949, do not include marine
15 insurance.

16 Q. Marine insurance?

17 A. Yes, sir. That is to cover the water
18 carriage from North Sydney to Port aux Basques.
19 They were excluded, marine insurance.

20 Q. That was exclusive, the rate prior to
21 Confederation?

22 A. That is correct.

23 Q. And the all-rail rate you now show
24 includes insurance?

25 A. Yes, sir.

26 Q. As to the rail-water rate, this
27 Exhibit 130 does not show the subsequent com-
28 petitive rail-water rate that was established, I
29 understand, in 1953?

30 A. Yes, sir, but we did not publish any



1 competitive rates from Montreal. We took the
2 territory roughly Kingston to Windsor. If you
3 will turn to page 2 of the exhibit, taking Toronto
4 in various rates and again using 5th class or what
5 you might call the heavy duty class, you will note
6 a rate prior to Confederation of \$1.58.

7 Q. On 5th class?

8 A. On 5th class, yes, sir. Effective
9 April 1st, \$1.28. Opposite the present or October
10 1st, 1955, you have your normal rate of \$1.55 and
11 your competitive rate of \$1.20.

12 Q. When was that competitive rail-water
13 rate published?

14 A. The first competitive rail-water rates
15 were published in the spring of 1954. They were
16 slightly revised in the spring of 1955. The
17 latter revision was brought about mainly through
18 the changes in rates flowing from equalization.

19 Q. Is that competitive rail-water rate
20 a year around rate?

21 A. No, sir. It expires at the close of
22 November this year. In other words, in our
23 competitive rate set-up we are permitted to meet
24 competition, potential or actual. We have many
25 competitive rates in effect, and in so far as
26 water competition alone is concerned our general
27 policy is to expire them at the end of November
28 each year and bring them back April 1st or
29 April 15th.

30 Q. You mean they are in effect during



1 the period of open navigation on the St. Lawrence
2 and the Great Lakes?

3 A. On the St. Lawrence and Great Lakes,
4 yes, sir. I might say, following that up, here is
5 one of our charts which contains competitive --
6 motor truck and/or water competitive rates.
7 Section 2 of the tariff covers the bulk of our
8 rates issued to meet water competition, and varying
9 expiry dates apply, but it is something that we
10 have, it is an instrument we have to keep ourselves
11 alive.

12 In other words, if we live in a rate
13 structure at a ceiling it would be ideal, the general
14 level might be lower, but by the same token if we
15 ignored competition we would have a very poor
16 revenue. This is only one tariff. We have several
17 others. That is just an example.

18 MR. MUNDELL: Would it be possible, Mr.
19 Chairman, for it to be filed? I am not sure if it
20 would be useful, but it certainly should be
21 available.

22 MR. MCCOY: We would be very glad to let
23 you have more copies if you require them. Perhaps
24 it would be of further assistance if we gave you
25 two more, what you might call our Central Canadian
26 tariff.

27 MR. COTE: Q. This is C.N. Railways tariff
28 No. CM.195 issued ---

29 A. That is the Canadian Transport
30 Commission number.



1 Q. C.T.C. No. E.2115?

2 A. That is right.

3 ---EXHIBIT NO. 131: C.N.R. Tariff No. CM.195,
4 C.T.C. No. E.2115.

5 MR. COTE: And then we file as Exhibit 132
6 Canadian National Railways Tariff No. CM.300-15.

7 A. That is correct.

8 ---EXHIBIT NO. 132: C.N.R. Tariff No. CM.300-15,
9 C.T.C. NO. E.4014.

10 MR. COTE: And as Exhibit No. 133, Canadian
11 National Railways Tariff No. CM.267-18.

12 ---EXHIBIT NO. 133: C.N.R. Tariff No. CM.267-18.

13
14 MR. COTE: Q. From these tariffs, Mr. McCoy,
15 I understand that you have dozens of competitive
16 rates published?

17 A. Yes, sir. As a matter of fact, they
18 do not contain them all. You have another tariff
19 down here, what we call our Trans-Continental
20 competitive tariff. We also have several com-
21 petitive rates published in what we call our Western
22 Canadian tariff. This is applicable between
23 Eastern and Western Canada. Finally, of course,
24 there are a host of motor truck competitive rates
25 applicable within the West itself.

26 Q. So I understand from that that the
27 rail-water competitive rate which you have to
28 Newfoundland is nothing new?

29 A. No, sir. That is something that has
30 been in the Railway Act for a long, long time.



1 We have been allowed to publish competitive rates
2 for years. As a matter of fact, just to indicate
3 about our position, we carried competitive class
4 rates between Montreal and Toronto up until, I
5 believe, March of this year. In other words, we
6 were approaching the Toronto-Montreal competition
7 in a different manner to-day. I am talking of
8 highway competition at the moment, but water com-
9 petition, competitive rates were effective at least
10 as far back as 1920, and that is when I started in
11 the rate business.

12 Q. And as was pointed out yesterday, one
13 of the conditions which must be existent to enable
14 the railways to publish a competitive tariff, is
15 that competition exists?

16 A. Yes, sir.

17 Q. Under Section 334 of the Railway Act?

18 A. That is correct, and that section, I
19 believe, has been dealt with in detail by Mr.
20 Edsforth.

21 Q. Yes.

22 A. So I do not propose to go into it
23 unless you have some further questions.

24 Q. I would take it then that at the end
25 of November in the year the competition has ceased
26 to exist, the competitive tariff is out?

27 A. Yes, that is largely our position in
28 respect to water competitive rates.

29 Q. Have you through rates with other
30 carriers other than water carriers?



1 A. The only through rates we have, sir,
2 are those published by ourselves applicable by our
3 own routes, also which is applicable via Montreal
4 in connection with the Clarke Steamship Company and
5 via Halifax in connection with the Newfoundland-
6 Canada Steamship Company, Furness-Withy Company,
7 and, I believe, Blue Peter Lines. I am not too
8 sure whether or not they are active in the service
9 at the moment, but I believe they are still in the
10 tariff.

11 Q. But you would have also through rates
12 with other railway carriers?

13 A. Yes, we have through rates, I would say,
14 with practically every rail carrier in Canada and
15 the United States.

16 Q. I mean, for instance, between Montreal
17 and New Orleans, for instance?

18 A. Yes, sir.

19 Q. Would you have through rates there with
20 other carriers?

21 A. We would have through rates from
22 Montreal to New Orleans, and by the same token
23 through rates would be applying in the reverse
24 direction from New Orleans to Montreal.

25 Q. But when you publish a through rate
26 from Montreal to New Orleans, say, do you publish
27 rates with all the carriers that would take the
28 traffic to New Orleans from Montreal?

29 A. No, sir, we do not.

30 Q. How would you proceed to make those



1 through rates?

2 A. Well, sir, if we are approached to
3 publish a through rate on a commodity moving from
4 Montreal to New Orleans, we would confine the
5 routing to gateways, Buffalo, Detroit, Port Huron,
6 and as we have an interest in the Grand Trunk
7 Western Terminal we would protect our long haul
8 route through Chicago. Now, the point I am trying
9 to make is that we have a connection at Rouse's
10 Point in New York with the Delaware and Hudson
11 Railway and the Rutland Railway. They would not
12 participate in this traffic. In other words, we
13 would protect our own interests.

14 It is about 50 miles from Montreal to Rouse's
15 Point, around 835 or 840 from Montreal to Chicago.
16 Obviously we are in business. We would solicit the
17 maximum haul through Chicago. We get a greater
18 division.

19 I might say that practice is common with
20 every railway. We do not feel that it is reason-
21 able to expect a railway to initiate traffic and
22 be short-hauled, as we call it.

23 Now, you could continue the situation in
24 the reverse direction. Southern lines invariably
25 want their longer hauls. It is only common,
26 ordinary, business practice. Take a shipment from
27 Montreal, we will say, to Los Angeles. Now, we
28 would not in that case publish a rate via Vancouver
29 and down over the Great Northern, Southern Pacific;
30 we would publish it via Chicago, because it is a



1 practicable route, it is a service route, and one
2 that has been in effect, I might say, for
3 generations.

4 The point I am trying to make is that we do
5 not stress or overly stress, perhaps I should say,
6 our long haul rate when service is involved, it is
7 the combination of the two; but generally speaking
8 our basis is maximum haul. In fact, it is the
9 only way we can live.

10 Q. Now, in connection with this competitive
11 rail-water rate to Newfoundland, I understand that
12 the water carriers participating -- are they named
13 in the published sheet?

14 A. Yes, they are.

15 Q. I am reading now from Supplement 79
16 to C.N.Rys. C.89, CTC No. E.3967. Would you file
17 that?

18 A. Page 29 shows the routing.

19 Q. Would you file that tariff as an
20 exhibit?

21 ---EXHIBIT NO. 134: C.N.R. Tariff No. C.89,
22 CTC No. E.3967, Supplement
23 No. 79.

24 MR. McLEOD: Is there a page to that tariff?

25 A. The route is shown on page 29 of
26 Supplement 79 of the tariff itself. The route
27 beyond Montreal to Corner Brook is via Clarke
28 Steamship Company Limited; beyond Montreal to
29 St. Johns, Newfoundland, via Clarke Steamship
30 Company Limited; beyond Halifax to Corner Brook,



1 Newfoundland, via Furness-Withy & Company Limited;
2 beyond Halifax to St. Johns, Newfoundland, via
3 Blue Peter Steamships Limited, Clarke Steamship
4 Company Limited, Furness-Withy & Company Limited,
5 or Newfoundland Canada Steamships Limited.

6 MR. COTE: Q. Would that mean, Mr. McCoy,
7 that the participation of the water carriers in this
8 transportation would be restricted to those names?

9 A. Yes, sir.

10 Q. Or could others be allowed in?

11 A. Others could be allowed in and would
12 be allowed in if they were agreeable to giving us
13 the same terms as the present participants.

14 Q. As the present participants?

15 A. Yes, sir.

16 Q. To complete that Exhibit 130, I under-
17 stand that the information given between the various
18 shipping points and destinations is on the same
19 basis as has already been explained on shipments
20 moving from Montreal to Corner Brook?

21 A. Yes, sir. I might just say that we
22 have used two ports, Corner Brook and St. Johns,
23 and one interior point, Grand Falls.

24 Q. Now, that finishes with the question
25 of the comparative statement on class rates. Have
26 you prepared a similar statement dealing with
27 commodity rates?

28 A. Yes, sir. It is entitled:

29 "Comparison of Freight Rates on Represen-
30 "tative Commodities Actually Transported



1 "to Newfoundland Prior to March 31st, 1949,
2 "and Freight Rates in Effect on March 31st,
3 "1949, April 1st, 1949, and October 1st,
4 "1955."

5 Q. Would you file that statement as
6 Exhibit No. 135?

7 ---EXHIBIT NO. 135: Comparison of Freight Rates on
8 Representative Commodities
9 actually transported to
Newfoundland.

10 Q. Without going into details on this
11 exhibit, we just show the various rates on specific
12 commodities?

13 A. That is correct.

14 Q. As applicable to Newfoundland?

15 A. Yes, sir. I might say there is a
16 further exhibit which includes flour that we omitted.
17 You may want to file that at this time.

18 Q. Would you file the comparative statement
19 dealing with flour rates to Newfoundland as
20 Exhibit 136?

21 ---EXHIBIT NO. 136: Addition to Exhibit 135
22 relating to flour only.

23 MR. McCOY: I think, sir, that the exhibits
24 are both self-explanatory, and they have the same
25 general outline, in result, of the previous
26 exhibit, or Exhibit 130, but I would also like
27 to add that the rates as of March 31st, 1949, did
28 not include marine insurance.

29 Q. Did not include marine insurance.
30 That is applicable to all the statements you have



1 already filed?

2 A. Yes, sir.

3 Q. Now, there has also been some question
4 before this Commission, Mr. McCoy, on the rate on
5 sugar from Maritime ports to Central Canada?

6 A. Yes, sir.

7 Q. Will you please explain what the
8 situation is with respect to sugar?

9 A. For many years the railways have
10 carried special water and water-truck competitive
11 rates on sugar to St. Lawrence River and Great Lakes
12 ports from Maritime Provinces refineries. We
13 were up against competition from services of the
14 Inter-Provincial Steamship Company back in the
15 1930's. At the time I might say there were two
16 refineries operating in the Maritime Provinces,
17 one in Dartmouth, Nova Scotia, and one in Saint
18 John, New Brunswick. Some time, I believe around
19 1942 or 1943, the Dartmouth Refinery was closed
20 down, with the result that to-day there is only
21 one sugar refinery in the Maritimes.

22 Inter-Provincial Steamship Company, so far as
23 we can determine at this late date, operated three
24 ships, the Zenda, Sonia and Moira. I understand
25 they were built at Sunderland, England. To the
26 best of my knowledge, this line has not operated
27 since about 1940.

28 COMMISSIONER WICKWIRE: Was that another
29 F.K. Warren Company?

30 A. Yes, I believe he was the owner or



1 operator. I am not just sure.

2 We did not withdraw our water competitive
3 rates on sugar on the theory that water competition
4 is potential and if we made any move to withdraw
5 the rates we would have lost a great deal of the
6 traffic. As a matter of fact, I can say from my
7 personal experience that I have been in constant
8 touch with the shippers of Saint John, New Brunswick,
9 and of Montreal. In each case their head office
10 is Montreal and they have assured me that if we do
11 not keep water competitive rates in effect, their
12 only alternative will be to move the traffic by
13 steamships during the summer months, store it at
14 river and lake ports, and when movements are
15 involved to interior destinations our chance of
16 receiving the traffic would be very slim. In other
17 words, it would go by motor truck and water to
18 points such as Barrie, Stratford, Peterborough,
19 Lindsay and so on.

20 The rates are not under an agreed charge
21 basis. There are certain developments pending in
22 respect to our competitive rates on sugar which may
23 well lead us to establishing agreed charges. How-
24 ever, that has not been finalized up to the moment.

25 Q. Is that a year-round competitive rate?

26 A. Yes, sir, and the reason for that is
27 we do not desire to have the traffic brought up by
28 vessel and stored at lake and river ports. Now,
29 when the Inter-Provincial Steamship Company was
30 operating, it was my understanding that they got



1 their largest movements from the Dartmouth Sugar
2 Refinery. To what extent it participated from
3 Saint John, I do not know.

4 Q. Now, there has also been some question
5 raised before the Commission as to the making of an
6 agreed charge on potatoes from Prince Edward Island?

7 A. Yes, sir.

8 Q. Would you explain how this came about?

9 A. Back in 1953, on September 21st, 1953,
10 the railways published specially reduced competitive
11 rates on potatoes from Prince Edward Island origins
12 to destinations in Central Canada such as Quebec,
13 Montreal, Toronto, Windsor and as far west as
14 Sault Ste. Marie, Ontario. We also published rates
15 to interior points north of the Lakes.

16 It so happened that in August of 1953 in a
17 discussion I had with the then President of the
18 Prince Edward Island Potato Marketing Board, he
19 showed me particulars of rates quoted by vessel
20 operators, and as we have been in the business for
21 years and feel we are entitled to stay in it, we
22 decided we would put competitive rates in, to keep
23 the competition in that field.

24 Furthermore, the shippers told us, or the
25 shippers' representative told us that they preferred
26 rail movement because of the orderly marketing
27 flowing from it. In other words, if you dump a
28 cargo of potatoes in Montreal, it is much more
29 difficult to take care of it, according to what
30 they told me, than five or ten carloads.



1 Now, later on the railways removed the charge
2 for the use of refrigerator cars. That was some-
3 thing that the shippers were not pleased about. We
4 took it off, in a further effort to meet com-
5 petition. Finally, as the result of further
6 complaints, largely from an origin points grouping,
7 we revised the rates.

8 COMMISSIONER WICKWIRE: Do potatoes require
9 refrigeration?

10 A. In the winter time, yes, sir. We
11 revised the rates and put them under an agreed
12 charge. In fact, the arrangement was completed,
13 or tentatively completed, at a conference held in
14 Charlottetown on January 19, 1954. The agreed
15 charge itself was published effective March 1st,
16 1954, and we now have a supplement in hand. It
17 has not yet been completed, but it will take in
18 additional destination points.

19 I might add that last year there was a
20 movement to a destination not covered by the
21 agreed charge. We are taking corrective measures.

22 Now, in dealing with this particular adjust-
23 ment, I would like to stress the fact that
24 Canadian National, in fair weather and foul, has
25 handled this traffic. We have a problem getting
26 empty refrigerators over at the Island on our car
27 ferry, getting the loads packed. We have geared
28 ourselves up to handle the business to Central
29 Canada and to a large extent the United States,
30 not the Southern United States, but the Northern



1 States; and in order to protect ourselves and to
2 insure that we stay in the traffic, we met com-
3 petition, and I am reasonably safe, I believe, in
4 saying that the arrangement largely is satisfactory
5 to the shippers as well as to the railways. I
6 think Mr. Rand Matheson will bear me out on that
7 statement.

8 THE CHAIRMAN: Throughout your evidence
9 there seems to be an inference that you are
10 defending yourself from a competitive rate or an
11 agreed charge as being something that is pretty
12 nefarious and evil and you have to explain it and
13 justify it. I am thinking of the position of a
14 shipper who has been very glad to get the com-
15 petitive rate, and pointing out it was only when
16 you got the competition that you bothered to go
17 and get competitive rates or agreed charges.

18 A. Well, sir, I was defending our
19 position ---

20 Q. I point out you do not need to defend
21 your position so far as making an agreement which
22 gives a man cheaper transportation cost. I would
23 have thought that was self-justified. The only
24 reason for it is the very one you allege, that is,
25 that you meet competition, and now it would seem
26 you want to remove that competition. How long
27 will these competitive rates remain under those
28 circumstances?

29 A. Well, sir, I would probably have to
30 answer your statement in two ways. First we have



1 been bitterly assailed in many cases as the result
2 of the construction of commodity rates and the
3 completion of agreed charges. We were opposed
4 strongly ---

5 Q. This is not the forum for defending
6 yourself.

7 A. I know, I appreciate ---

8 Q. This is a forum to investigate the
9 coasting trade, and we are concerned only with that.
10 Now, if you want to defend yourself, occupy your
11 time with the newspapers or something else, and
12 not in this Commission.

13 A. I am sorry, sir. We are in this
14 position, that in many cases we are criticized
15 severely for making competitive rates and agreed
16 charges. The point I want to make is that we are
17 operating or trying to operate as a business man
18 and to do business on a business-like basis.

19 For example, if any steel manufacturer has
20 to reduce his prices, he does so, whether it is
21 meeting foreign competition from overseas or the
22 United States. All the railway are doing is
23 following along that line.

24 COMMISSIONER WICKWIRE: In Prince Edward
25 Island it was suggested that by reason of the fact
26 that the water carrier would take the potatoes
27 from Prince Edward Island up the St. Lawrence
28 River, the result was agreed charges?

29 A. No, sir. Competitive rates were in
30 before agreed charges.



1 Q. I am talking about agreed charges, not
2 competitive rates. Is that right or not?

3 A. At first we put in competitive rates.
4 The competitive rates were published effective on
5 September 21st, 1953. The agreed charge did not
6 go into effect until March 1st, 1954.

7 THE CHAIRMAN: What was the reason for
8 shifting from one device to the other?

9 A. Well, sir, we feel much more comfort-
10 able under a contract rate where you get 100% of
11 the traffic. In other words, sir, our competitive
12 rates do not assure us the business. With the
13 contract rate or agreed charge we get the substantial
14 percentage.

15 Q. Competition still threatens you despite
16 the competitive rates up to the contract?

17 A. Yes, sir.

18 MR. COTE: What Mr. Wickwire wanted to know,
19 did the making of the rate come about as the result
20 of some shipping company threatening to take the
21 traffic by water?

22 COMMISSIONER WICKWIRE: That is right.

23 MR. McCOY: I am sorry, I misunderstood
24 your question. Well, both the competitive rates
25 and later the agreed charge rates flow from
26 competition. Now, frankly, I do not know whether
27 it was a British ship or a Canadian ship that
28 offered to take the freight, I don't know that.
29 All I saw was the quotation. I did not check
30 the registry of the ship. I was interested



1 primarily in the rates in cents per hundred pounds.

2 THE CHAIRMAN: We know that because the
3 operators came and told us.

4 A. I am just giving you my position, sir.

5 MR. COTE: So that the Commission may know
6 what peculiar condition is attached to an agreed
7 charge tariff, would you file as an exhibit the
8 agreed charge tariff on potatoes from Prince
9 Edward Island effective March 1st, 1954, which
10 bears No. C.T.C.75, as an exhibit?

11 THE SECRETARY: Mr. Chairman, may we check
12 to see if it has already been filed as an exhibit?
13 Exhibit 39 is a copy contract of agreed charges on
14 potatoes with the Dominion Freight Association.
15 Is that it?

16 MR. COTE: Yes, it has been filed. I under-
17 stand that this particular tariff has already been
18 filed as Exhibit 39.

19 MR. MUNDELL: Does that conclude your
20 presentation?

21 MR. COTE: Yes.

22 MR. MUNDELL: I wonder if we could start
23 with Mr. McDonald.
24

25
26
27 JAMES A. McDONALD, recalled.

28 MR. MUNDELL: Possibly I may remind your
29 lordship that we had the main brief presented in
30 Ottawa and at that time the questions asked were



1 relating to the main brief. I propose, subject to
2 your direction, to confine myself strictly to
3 matters that arose out of yesterday's and to-day's
4 presentation.

5 Q. Mr. McDonald, as I understand your
6 proposition, it is that each form of transportation
7 should be left to compete freely according to its
8 or relying on its inherent economic advantage. I
9 think that is your fundamental premise?

10 A. That is so.

11 Q. Isn't the fact that you can obtain cheaper
12 services abroad an inherent economic advantage of
13 international trade?

14 A. Of international trade, certainly is
15 founded on comparative advantage, yes.

16 Q. Why not take advantage of the inherent
17 economic advantages of cheaper foreign service?

18 A. In respect of coasting trade?

19 Q. In the coasting trade.

20 A. Well, for one thing, I suggest, sir,
21 that low cost transportation is not an end in itself.
22 There are circumstances in which, while there is a
23 presumption that low costs from the standpoint of
24 the national organization as a whole, there is a
25 presumption that that is a good thing, it cannot
26 be looked at in an unqualified way. I suggest that
27 if you did take as a sole criterion the matter of
28 transportation costs, then a case could be made
29 that Canadian National, which is the largest
30 industrial purchaser of materials in this country,



1 should in fact be allowed to import all their
2 materials free of duty. We could begin by saying,
3 "Wouldn't it be nice if ---" In saying that I
4 think one must recognize that is not the end of the
5 matter.

6 THE CHAIRMAN: There are, if you wish, some
7 old-fashioned people who would apply that not only
8 to the Canadian National but every other buyer.

9 A. It may well be, sir. My point is that
10 there are more factors to be considered in any one
11 instance than simply the cost of transportation.
12 I suggest, sir, that if in fact the question were
13 simply one of low cost transportation, then in fact
14 the question that would be fundamental before the
15 Commission is whether all foreign flags should
16 compete in the coast trade.

17 Q. I think that question is before the
18 Commission.

19 A. I realize it is. I was going on to say,
20 if it could be shown that in fact, as it could very
21 easily be shown, foreign flag vessels can operate
22 at lower cost, then I submit with respect there was
23 not much point in appointing the Commission. It
24 would be simply established as a matter of fact
25 that foreign flag vessels can provide lower cost
26 transportation and that would answer the problem.

27 MR. MUNDELL: Q. You mean that the problem
28 has counteracting factors?

29 A. I think that is what makes this a
30 complex problem, yes, sir.



1 Q. Your problem is that to maintain the
2 railways you should put the foreign competition at
3 a disadvantage?

4 A. I would not phrase it that way.

5 Q. In other words, to keep the traffic
6 from moving over to the much cheaper method of
7 transportation, you make it less cheap so that some
8 of it will stay with the railways, is that your
9 proposition?

10 A. We have suggested, and other people
11 who have appeared before this Commission have
12 suggested, that there are other factors to be
13 considered. The Canadian National brief submitted
14 has not dealt with some of those things. The
15 type of thing I mean are defence considerations,
16 the importance that might be attached to having a
17 pool of skilled labour, things of that kind.

18 Q. No, no, I mean you have put it on the
19 other ground. You have not argued this factor.

20 A. We have not, no, sir. I might say that
21 it does misrepresent our position if it is alleged
22 that Canadian National is taking the point of view
23 that we, as a vested interest, should be protected
24 and the way to protect us is to shut off our com-
25 petition. I am trying to explain that in fact we
26 have not tried to shut out British ships, and I
27 suggest it is not our intention in respect of
28 seeking equality of treatment in regulation, simply
29 to visit some of our troubles, as it were, on our
30 competitors.



1
2 THE CHAIRMAN: You simply handicap the com-
3 petitors so that they run as slowly as you do?

4 A. Well, sir, if I may comment briefly
5 on what seems to me to be the fundamental justifica-
6 tion for regulation, it seems to me to stem from
7 the public interest. We do not suggest that
8 regulations should be designed primarily to protect
9 the interests of any single transportation enter-
10 prise. It may be an incidental factor to the
11 extent that there is a parallelism between the
12 interests of a transportation enterprise and of
13 the economy as a whole. The fact of that
14 parallelism in fact does underline the whole idea
15 of free enterprise. I suggest that if we are
16 considering, for example, a situation in which
17 there is a monopoly in transportation, that monopoly
18 may arise through the physical facts of the case
19 as there simply is no other carrier, or it may
20 arise from an economic fact, the fact that no other
21 transportation enterprise can exist.

22 (Page 4155 follows)
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1 A case in point perhaps is the railway that carries
2 iron ore from Knob Lake. Obviously you cannot have
3 two railways running beside each other. There is not
4 room enough for them. In instances like this, again
5 in the public interest, there has been applied to
6 the carrier some quite onerous regulations designed
7 to protect the public from a situation that could
8 conceivably arise in which the enterprise gets
9 exorbitant profits, exacts extortionate rates, where
10 the consumer does not get adequate service, the
11 enterprise tends to be fat and sloppy and inefficient.
12 Parliament in this country, in respect to the
13 railroads, has stepped in, and I might say it is by
14 no means confined to Canada, Parliament has stepped
15 in and said "You will assume certain obligations."
16 They are designed to protect against the sort
17 of thing I have mentioned, these possible evils.

18 MR. MUNDELL: Q. These are also conditions
19 or were conditions to the benefit of---

20 A. I am sorry, I don't hear you.

21 Q. Taking the case of the Canadian
22 Pacific Railway, it is not just out of the blue
23 that you have been visited with certain responsibilities.
24 You have certain privileges conditional on certain
25 responsibilities.

26 A. Oh, yes, I am speaking of a
27 hypothetical case.

28 Q. Doesn't it come down to this, that,
29 as a result of a possible cheaper additional
30 source of transportation within the national system



1 of transportation, your argument is that certain
2 of your facilities will in a sense become surplus,
3 during at least a period of the year. Is not that
4 about the position?

5 A. Unfortunately, that is not the case.

6 Q. I don't mean you get rid of them, but
7 I mean they become surplus as far as revenue is concerned.

8 A. If you like, the degree of utilization
9 is less.

10 Q. And the result, under your proposition,
11 is that you cut down on the new improved form of
12 transportation?

13 A. I'm sorry I cannot go along with that.
14 You will appreciate that we have reported the fact
15 that railway expenses are not wholly variable with
16 changes in the volume of traffic. I have not tried
17 to colour that fact. I have not tried to apply
18 a judgment to that as being good or bad.

19 THE CHAIRMAN: Q. I cannot think of any
20 physical asset where the expenses do not go on.

21 A. May I suggest, sir, that is the case
22 in the instance of highway transport.

23 Q. Do you think the lien note payments
24 do not proceed whether the trucks are out of the
25 terminal or not?

26 A. Oh, yes, but of course, the highways
27 are used by more than commercial truckers and there
28 is the question that is not reflected in the books
29
30



1 of the truckers of the cost of maintaining that
2 highway.

3 Q. I am speaking of a different thing.
4 Expenses go on even when the units are not used.
5 I say off hand that I cannot think of any
6 physical asset that does not exist under the
7 same conditions. It might be a matter of degree
8 but certainly it is inevitable that your expenses
9 continue despite the lack of use of your utility.

10 A. I could not deny that there are
11 other instances where fixed costs are relatively
12 high.
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1 MR. MUNDELL: Q. Isn't that a fair description
2 of the proposal put forward, that you make the new
3 and cheaper form of transportation less cheap?

4 A. I don't want to be difficult but I don't
5 feel that that adequately reflects what we said.

6 Q. Isn't that the effect of the whole thing?

7 A. The effect of it, for one reason or
8 another, may be that those carriers, namely the British--

9 Q. Isn't that the purpose of your proposal?

10 A. I rather you state what you believe to
11 be the purpose of our proposal.

12 Q. Just that, that this new and cheaper
13 form of transportation will take a lot of traffic
14 away from you, with the result that your overhead
15 charges and so on will run along and to prevent that
16 happening, any diminution of the facilities, you
17 in effect penalize the new form of transportation?

18 A. There is this difference between us.
19 First of all, we are speaking only with respect to
20 British ships, in respect of the things we would
21 like to do. I am thinking of the duty, for example.
22 There is that differential situation. We have no
23 assurance that if our recommendations were carried
24 forward, that in fact we would not lose traffic.
25 We would certainly lose traffic.

26 THE CHAIRMAN: Q. To whom?

27 A. To the water carriers, sir, both
28 British and Canadian.

29 Q. You haven't been able to think of any
30 way of penalizing the Canadian water carrier to



1 keep him from competing with you?

2 A. Sir, it is not our intention to penalize
3 any other competitor.

4 Q. Well, "handicap" is perhaps a better word.
5 You have figured a way of putting a little bit of
6 lead in the saddlebag of the Britisher but not in the
7 case of the Canadian?

8 A. I might say again, sir, in the matter of
9 regulation that there is a very good case to be made,
10 for example, that rates that are quoted by competing
11 carriers should be published. The Canadian National
12 has never denied that. We have never advocated it,
13 nor are we likely to, that rates should be made in
14 secret, but I suggest there is a reason stemming
15 from economic doctrine that suggests that competition,
16 if it is to be effective, requires that all buyers
17 and sellers are aware of the bids and offers being
18 made.

19 MR. MUNDELL: Q. Doesn't that stem from the
20 historical origin of all regulations of railways
21 that you mentioned a moment ago, that it was a
22 monopoly, that it could be discriminatory, that
23 it could cut a man's throat at the end of a line
24 where that was the only way he could ship? Wasn't
25 it regulation brought in to prevent monopoly and
26 it has nothing to do with---

27 THE CHAIRMAN: Q. Why doesn't everybody
28 have to publish his rates in the Canada Gazette?
29 When Mr. McLagan sells a ship, why doesn't he have
30 to point out that fact to the last dollar? What



1 about the buying and selling of a ship? Why isn't
2 that brought out to the public and have everybody
3 publish all their figures, all the deals they are
4 making?.

5 A. I am referring, sir, to rates that are
6 offered to the public, not all the transactions of a
7 corporation.

8 Q. The rates are not being offered by these
9 ships to the public, by these ship operators to the
10 public; they are being offered to Joe Smith who
11 wants his goods carried.

12 A. I suggest that Tom Brown ought to know
13 also what those rates are.

14 Q. You say they are being offered to the
15 public. They are not dealing with the public. They
16 are dealing with a specific person to make a contract.
17 That is the difference between a public utility,
18 a railroad, and a private carrier?

19 A. Well, I suggest, sir -- I don't want
20 to quarrel as to what we mean by the public -- I
21 suggest those who have any interest in the
22 particular matter at hand should know. I suggest
23 this is the very economic justification for
24 advertising of all kinds. I suggest if you build
25 a better mousetrap at a better price, it is not
26 good enough simply to do that; you must pass the
27 word around. If competition is to be effective,
28 then there must be a knowledge on the part of
29 buyers and sellers of prevailing rates.

30 Q. Do you know if Eaton's and Simpson's



1 know exactly what each of them pays? I think that is
2 one of their great secrets.

3 A. That is not what I said. They know what
4 each other charges. They watch it very carefully.

5 Q. Well, they don't have to go and read it
6 in some published document. They have their test
7 shoppers going back and forth across Queen Street
8 finding out?

9 A. They do have catalogues, sir.

10 MR. MUNDELL: Q. But the origin, you will admit,
11 of publicity of rates had nothing to do with
12 competition?

13 A. That is an historical fact.

14 My point is that the advent of
15 competition does not of itself mean that no
16 regulation is necessary any longer.

17 Q. Correct me if I am wrong now, that the
18 railways are now putting forward a very strong
19 argument that a great deal of the regulation they
20 are under, which had a historical justification,
21 has now ceased to be necessary by reason of the
22 fact of truck competition and also future water
23 competition?

24 A. The railways have been aggressive in
25 the matter of regulation. I might say that these
26 regulations are not by any means confined to
27 matters of rates. The regulations under which
28 the railways operate are for the most part
29 contained in the Railway Act and they are
30 enormously detailed. They cover matters of



1 service and operation.

2 Q. Doesn't it include this particular
3 proposal, doesn't it also include regulation of
4 rates?

5 A. Some of it has a bearing on the regulation
6 of rates.

7 Q. The point I am coming to, is it very
8 consistent of the railways that they are now wanting
9 to clamp the regulatory system on another form of
10 transportation which is not subject to the same
11 monopolistic tendencies for it has no real reason
12 for the regulation such as the railway originally
13 had? There is all kinds of competition on the Lakes,
14 we are told. There is no monopoly situation?

15 A. I must say I do not find any
16 inconsistency in that and I think a unifying
17 principle is one in respect of equality as to
18 rates and regulation.

19 Q. Would you admit this, that none of the
20 reasons that brought about regulation in the
21 beginning in so far as railways are concerned
22 apply to water traffic?

23 A. No, I would not admit that. I think
24 there has been evidence that there are situations
25 where water carriers provide the only means of
26 transport.

27 Q. I agree with you and that is where
28 there is regulation.

29 A. Not now. I suggest to you it has
30 already been raised several times that there are



1 situations in the coasting trade in which the water
2 carriers have a virtual monopoly situation.

3 Q. But bear this in mind, you say you don't
4 build another railway right alongside a railway.
5 When you have a ship line running from point A to
6 point B and it gets unreasonable or discriminatory,
7 another line can come in, as has happened in
8 Newfoundland?

9 A. That is so.

10 Q. But that cannot happen with the railway?

11 A. That is perfectly true. We don't deny
12 that for a moment, that the advent of competition
13 serves to meet the same kind of objectives that
14 regulations are intended to meet.

15 Q. What I am getting at is, do any of the
16 original reasons for regulating railways apply to
17 water carriers? All the reasons for regulating
18 the rates, making them public, requiring them to
19 be approved, all those things applying to railways,
20 because of their local monopoly situations,
21 none of them really apply to water transport,
22 do they?

23 A. I think your generalization is too wide.
24 I would suggest there are two reasons that might
25 account for a monopoly. One is the physical
26 fact no other railway was present at the time.
27 The other is an economic fact, that only one
28 enterprise can survive.

29 Q. Well, now, then we are coming down to
30 the proposition put forward, I think, mainly by



1 the C. P. R., but I'm not sure, I don't recall
2 whether you put it forward yesterday, but it had
3 to do with the point of licensing of capacity,
4 licensing to regulate capacity, so that there will
5 not be excess capacity which will be wasteful?

6 A. We have asked that the regulations which
7 are now in the Transport Act and which do call for
8 regulation should be applied generally. I may say
9 that licensing has this function as well as the one
10 you mentioned, that it enables the regulatory
11 authorities, first of all, to know what ships are
12 there operating. To apply any regulation you must
13 have some administrative device to make sure you
14 know what you have and cast the net around them.

15 Q. Well, now, why?

16 A. Why do you need regulation, do you mean?

17 Q. Why do you have to cast a net around
18 them?

19 A. Well, I don't know that I follow you.

20 Q. I'm sorry, maybe I misheard you. I
21 thought you said if you had a licensing device,
22 you knew what you had and you cast a net about
23 them. I am asking you why?

24 A. So you know what you are doing. So
25 you don't have a situation where you seize on
26 some operators because you know they exist and
27 let others go. You mean what is the justification
28 for regulation?

29 Q. In relation to shipping, that
30 situation, apart from licenses for revenue



1 purposes and safety purposes and health purposes?
2 This isn't like the liquor traffic, for instance,
3 where you have a license to regulate the taverns?

4 A. No, but I must come back to the principle
5 that we support. I must say I have not been argued
6 out of it yet, as far as I am able to appreciate it.
7 Our point is that it is in fact in the public
8 interest that there should be equality of
9 treatment in respect to regulation. I submit if
10 that equality of treatment is not in fact present,
11 from the standpoint of the public interest, you
12 get a situation in which traffic may be diverted
13 from one carrier to another in a way that does not
14 allow either of the carriers to express in their
15 rate-making or in the manner in which they conduct
16 business their inherent advantages.

17 Q. What I was working my way up to, I
18 think, was that I was trying to ask you if you
19 admit that the original reasons for applying
20 regulations to the railways do not apply to water
21 traffic?

22 A. I cannot admit that.

23 Q. Let us assume -- whether you agree or
24 disagree on that -- suppose for the sake of the
25 argument I am trying to put forward that you
26 accept my proposition. I say you are now trying
27 to regulate water traffic because of something
28 in relation to railway traffic. You say that it
29 is because you want equal regulation. But there
30 is no inherent advantage in equality of regulation,



1 to put it the other way?

2 A. Would you repeat that?

3 Q. There is no inherent advantage in equality
4 of regulation or otherwise we would regulate
5 everything, grocery stores, everything.

6 A. No, sir. I think our proposition can
7 be stated very simply. We suggest it is a primary
8 requirement that there should be equality of
9 treatment in respect of regulation. We suggest
10 that the public's interest is involved in that
11 because it affects the allocating of traffic
12 between competing carriers. I am trying to
13 approach it objectively and not from the narrow
14 corporate standpoint. As to what happens when
15 you arrive at a position where there is a reasonable
16 degree of equality -- and I might say I do not
17 mean equality, by, -- I mean mutatis mutandis --
18 if you get a situation, for instance, where we
19 are not allowed to publish trainload rates, well,
20 such a regulation is meaningless obviously in the
21 case of water carriers. But I suggest once a
22 situation is arrived at where there is a reasonable
23 equality in the matter of treatment under regula-
24 tion that the next situation that needs to be
25 examined is whether in fact that degree of
26 regulation is adequate or otherwise in respect
27 of the public interest.

28 It may be that one could reduce the degree
29 of regulation. The Canadian National's position
30 has consistently been that we would look to a



1 minimum of regulation from the standpoint of the
2 public interest. Now, that is a very difficult
3 thing to define, of course.

4 Q. Well, now, let's take the various
5 aspects of regulation. One thing obviously you
6 wish is publicity of the other fellow's rates?

7 A. Yes.

8 Q. Another thing is that you want the rates
9 fixed?

10 A. "Fixed" in what sense?

11 Q. Well, if he makes them public, can he
12 alter them after that?

13 A. Oh, yes. The point is if he makes a
14 rate public, he should adhere to his published
15 rate. He is at liberty to change his rate, of
16 course.

17 Q. Why should he adhere to the published
18 rate?

19 THE CHAIRMAN: He has to adhere to a
20 published rate and he can change it? That sounds
21 like a contradiction in the same sentence.

22 MR. MUNDELL: Q. Do you mean change it by
23 a form of procedure?

24 A. That is my point. I suggest if there
25 is nothing else published he should adhere to the
26 one published.

27 THE CHAIRMAN: Q. Well, then, I revert to
28 the case of the Newfoundland schooner which has
29 had published by some mystical process a rate
30 last week. Before he can take it for ten dollars



1 less another time he has to go down to Ottawa to
2 file a document and it won't be effective for ten
3 or thirty days, as the case may be.

4 A. Sir, we have not suggested everybody
5 should come under this scheme.

6 Q. Oh, you come along with this exemption
7 theory to knock out any example that makes your
8 proposition look somewhat stark. And there are
9 other adverbs that could be used too.

10 MR. MUNDELL: Q. I would suggest to you that
11 publicity of rates is one thing. Immutability or
12 unchangeability is another. Now, they could be
13 separated. Suppose you just required him to
14 report what he had done? I mean he could still
15 make a new bargain and report what he had done.
16 I suggest to you that the main thing you are
17 interested in in regulation is the publicity?

18 A. I think that is an important factor,
19 and I suggest---

20 Q. And you also want the difficulty of
21 change or immutability?

22 A. I don't know where you imported
23 that.

24 Q. Relative immutability. I mean he
25 cannot change it over the phone, as we are told
26 most shipping business is done?

27 A. I suggest he may change it as quickly
28 as he can make it known.

29 Q. On three days' notice?

30 A. That happens to be a part of the



1 current provision.

2 Q. Filing it in Ottawa with three days'
3 notice?

4 A. I suggest we have been all through
5 in the evidence previously the circumstances in
6 which you can in fact make an immediate change in
7 rates.

8 Q. But aren't these the usual and general
9 and ordinary circumstances of shipping, not
10 emergency circumstances?

11 A. That is true. There are some requirements
12 as to the procedure you must go through to change
13 a rate, yes.

14 Q. Would you accept simply---

15 A. May I just say this?

16 Q. I'm sorry, I keep on interrupting you.
17 I beg your pardon.

18 A. May I say further on that point, the
19 railroads, like other carriers, could operate on
20 a system whereby the rates fluctuate from day to
21 day. If we find ourselves with the traffic
22 moving in one direction today and the result is
23 that at some period or another equipment must
24 be moved back, we might then quote a rate so as
25 to utilize our capacity a little better. That
26 would be a situation wherein almost minute to
27 minute you would have a kind of auction rate.
28 You would never know what the rate is. So there
29 are some practical limits, I suggest, to how far
30 you can go in changing your rates. There must be



1 some minimum stability prevail. You cannot have a
2 price that changes like the stockmarket from minute
3 to minute.

4 Q. The evidence is that the ocean freight
5 rates go all over the place, up and down?

6 A. They vary considerably but not from
7 minute to minute, I suggest.

8 Q. Evidence has been given that there is a
9 market in the sense of the stockmarket in freight
10 rates there.

11 A. There is also a market in respect of our
12 railway freight rates, in a sense. From day to
13 day or every day there are new tariffs being
14 issued and new rates being made -- by the hundreds.

15 Q. You have a large organization. I must
16 say I do not see how this would work in relation
17 to the next point I was coming to. I think at
18 this stage we have beaten the matter of regulation
19 down almost to the position of beating a dead
20 horse. In this matter of the weight down to
21 100 tons; that is that vessels down to that
22 weight should be regulated, I believe you said,
23 by the Board of Transport Commissioners---

24 A. We have said that the Governor-in-
25 Council ought to be advised by the Board of
26 Transport Commissioners because we feel that
27 body is in a good position to hear all sides of
28 a case.

29 Q. You say it should be based on the
30



1 discretion of the Governor-in-Council to make an
2 exemption?

3 A. What is that?

4 Q. You would make the rule that everything
5 down to 100 tons would be licensed and regulated
6 with power in the Governor-in-Council, on the
7 recommendation of the Maritime Board, to exempt?

8 A. The recommendation of the Board of
9 Transport Commissioners.

10 Q. I beg your pardon.

11 THE CHAIRMAN: Q. I suggest what you propose
12 is unknown in constitutional theory. If there
13 is to be an amendment granted by the Board of
14 Transport Commissioners, then it will be granted
15 by the Board of Transport Commissioners. If there
16 is to be an amendment to be granted in the executive
17 discretion, then there may be an amendment. But
18 you cannot bind the Cabinet. If you can show me
19 a statute where it is purported to be done, I will
20 tell you it is wrong right off the bat.

21 MR. MUNDELL: I must say that all advice
22 goes to the Governor-in-Council through a
23 Government Minister. There are occasions where
24 there may have to be an antecedent recommendation.

25 THE CHAIRMAN: Oh, yes, but you cannot bind
26 the Cabinet.

27 MR. MUNDELL: Q. It would only be advice.

28 It is a responsibility of the
29 Canadian people in Parliament. They cannot be
30 bound to accept.



1 A. I wouldn't be so foolish as to try to
2 argue the legal situation here. We suggest the
3 Governor-in-Council should continue, as he does now,
4 under the Act to make decisions. We suggest he
5 ought to be advised by the Board of Transport
6 Commissioners. They may or may not choose to follow
7 that advice.

8 MR. MUNDELL: Q. You also recommend bringing
9 bulk carriers under it with the same method of
10 exemption?

11 A. Yes.

12 Q. This is getting to be somewhat
13 contrary to the general thinking of the country,
14 in putting everything in the discretion of the
15 Governor-in-Council. Would it not be better to
16 have a firm definition? Is it sound to put all
17 this discretion as to bulk and as to tonnage in
18 the hands of the Governor-in-Council?

19 A. On the first point, we have suggested
20 that a hundred tons may be a reasonable position.

21 Q. Are you wedded to a hundred tons?

22 A. We cannot support, of course, the
23 position that it should be a hundred tons and
24 not 125 tons or not 85 tons. We have suggested
25 what we think are cogent reasons for it being
26 100 tons. If, in the judgment of the Commission,
27 they can fix upon a tonnage limit of the order
28 of a hundred tons, then of course we would have
29 no objection. We have suggested a way of getting
30 at each case on its merits. Much the same applies



1 to the matter of bulk. If it is possible to get
2 a definition of bulk unambiguously and---

3 Q. Is there any ambiguity about the
4 present definition?

5 A. Well, we have explained why we don't
6 find it adequate to meet our definition of bulk.
7 I suggest it does not fit in with the ordinary
8 economic meaning of bulk.

9 Q. Well, are not a thousand bags of flour
10 a bulk of flour? Aren't you taking a rather
11 technical viewpoint when you say that is not flour
12 in bulk?

13 A. Well, perhaps, but the issue is not
14 confined by any means to bags of flour.

15 Q. No, but what you are objecting to is
16 in some cases -- you do not want a ^{full} hold/of flour?

17 A. What we have tried to define is a
18 situation where the railways cannot compete for
19 the reason that our economic advantage is simply
20 not sufficient. We find ourselves beaten by our
21 competitors.

22 Q. The proposition really then is to
23 help the railways into a better position to
24 compete?

25 A. No. I hope you will appreciate that
26 what we are saying is this, where you can define
27 situations in which, because of the very
28 substantial difference in costs, the railways
29 are not effectively competitive, then we are
30 content that they might be removed from regula-



1 tion. There might be other reasons why they should
2 be regulated but it is a fact that when you try to
3 define such a circumstance, that is one of non-
4 competitiveness with a railway, it is a very
5 awkward one to define. You cannot define it in
6 terms of commodities, for example.

7 Q. Isn't it the fact that a shipload of
8 bags of flour has a great cost advantage over the
9 railway doing it?

10 A. Yes, it has.

11 Q. So, taking your own definition, then
12 surely the right thing to do is put bags of flour
13 in bulk?

14 A. Yes, perhaps you can appreciate the
15 example Mr. McCoy stated of sugar. It is not
16 sufficient to say the water carrier has an advantage
17 and, therefore, he will get the business, and
18 that is the end of it because the question arises
19 of comparing the railway rates with that of the
20 other in the light of the fact that it brings
21 more regular distribution to the traffic.

22 Q. That is a competitive advantage then?

23 A. Yes, but you see my point, again, is
24 that it is very difficult to sort out the point
25 at which there is in fact no effective competition.
26 You cannot simply look at the rate and the cost
27 alone because the quality of service is involved
28 and you get a great variety of choices. The
29 question is, should you move it by water and
30 store it, which brings along the matter of



1 storage charges, or should you meet the rail rate,
2 which will probably be higher, and take advantage
3 of the situation of being able to move your
4 commodities quite regularly to market?

5 Q. I think we are reasonably clear as to
6 your proposition. I think that is all I have to
7 ask Mr. McDonald, Mr. Chairman.

8 MR. COTE: I was going to suggest, Mr. Chairman,
9 that perhaps it would be of interest to you if I
10 were to read into the record that part of the
11 Interstate Commerce Commission definition of
12 what is bulk and the bulk carriers that are
13 exempt from regulation in the United States.

14 THE CHAIRMAN: If you wish to do so, I have
15 no objection.

16 MR. COTE: This is Section 303(B):

17 "Nothing in this part shall apply
18 "to the transportation by water carrier of
19 "commodities in bulk when the cargo space
20 "of the vessel in which such commodities
21 "are transported is being used for the
22 "carrying of not more than three such
23 "commodities. This subsection shall apply
24 "only in the case of commodities in bulk
25 "which are (in accordance with the existing
26 "custom of the trade in the handling and
27 "transportation of such commodities as of
28 "June 1, 1939) loaded and carried without
29 "wrappers or containers and received and
30 "delivered by the carrier without



"transportation mark or count."

THE CHAIRMAN: Is this the present regulation or is this the Presidential Advisory Committee recommendation?

MR. COTE: It is as in the Act now. It is Section 303 of the Interstate Commerce Act.

MR. WRIGHT: Might I say in that connection that question was raised yesterday in connection with the Presidential Advisory Committee Report and I was able to get a copy of the Bill, 1920. I find in that a section 14 which says:

"Subsection (B) of Section 303

"of the Interstate Commerce Act as amended

"is hereby repealed."

I would just like to put that in the record.

303(B) is the Section from which Mr. Cote just read.

MR. COTE: The exception would disappear if this Bill were enacted.

THE CHAIRMAN: In the Bill it was said that it was desired that the subsection be repealed. There is many a slip between the cup and the lip in dealing with Bills before the United States Congress.

We will take ten minutes.

---A short recess.

MR. MUNDELL: Mr. Chairman, there was one question I intended to ask Mr. McDonald which I



had forgotten.

THE CHAIRMAN: Very well.

MR. MUNDELL: Q. That was in connection with the proposed regulation whereby the railways would know of the rates being charged by the water carriers. How do the railways determine the point at which they can reduce their rates in competing and when do they realize they cannot compete any more? I wonder if you could explain that, Mr. McDonald?

A. Yes, sir. That brings us to the principle of out-of-pocket costs in the railway. The railway industry is at least somewhat unique in that our output cannot be measured in unique units. We are not able as a practical matter, as a manufacturer might be able to do, to take our total expenses and divide them by our total units of output and arrive at a cost that is useful in setting particular rates. We use, for lack of anything better, ton miles. But the ton miles are, of course, a composite unit. A thousand ton miles might be a thousand tons moved for one mile or the reverse. It makes a very great difference in respect of costing. That means we are not able to say with respect to any unit of shipment, any particular traffic, the total allocated costs are thus and so. We do not arrive at total average unit costs and apply a mark-up to them. We are forced back on margin costs. The concept is simple to describe but really rather involved when you sit down to work



1 it out in practice. It isn't so much a formula
2 as it is an approach.

3 The concept of marginal cost is that you try
4 to examine the expenses you would save if you lose
5 some unit of traffic or, alternatively, what
6 additional expense you would be put to if you took
7 on some more traffic.

8 Obviously if we tried to set all our rates
9 on that basis there would be a good deal of common
10 expense for larger blocks of traffic that could not
11 be met. In that connection, it might be useful if
12 I read an exposition of this that is contained in
13 the Report of the Royal Commission on Agreed
14 Charges published on February 21, 1955. I am
15 reading from page 19:

16 "It is an understandable necessity
17 "that the railways must obtain sufficient
18 "revenue to meet their costs of providing
19 "transportation service. As the bulk of the
20 "railway traffic was carried at relatively
21 "low commodity rates, it was early
22 "appreciated that the general revenue
23 "level would have to be raised by applying
24 "higher rates on traffic of greater value
25 "so that the railway's operating costs
26 "would be balanced against their gross
27 "revenues. In other words, the low rates
28 "were balanced by higher rates on other
29 "commodities, if they could be levied.
30 "To accomplish this objective the rate



1 "structure was made to resemble a sliding
2 "scale based largely on the principle of
3 "what each type of traffic could afford
4 "to pay, rather than on the actual cost
5 "incurred in its movement. Therefore, while
6 "one commodity may have paid a rate as high
7 "as 20 cents per ton mile, other commodities,
8 "which cost equally as much to move, paid
9 "substantially less. Under such a system
10 "it is clear that, unless affected by other
11 "factors, the situation was somewhat self-
12 "governing. On the one hand, too high
13 "rates impeded the flow of traffic, while,
14 "on the other hand, too low rates resulted
15 "in inadequate railway revenues. Whatever
16 "may have been the particular shortcomings
17 "of a rate structure which might produce
18 "this result, the fact remains that it was
19 "essentially based on Canada's needs,
20 "because it was related to the movement,
21 "largely for export, of the products of our
22 "basic industries.

23 "On a cost basis there may be said to
24 "be three rates applicable to any shipment.
25 "The first, and highest, is a rate which
26 "would return to the railway the direct
27 "or 'out-of-pocket' cost of providing the
28 "service plus an equitable share of the
29 "overhead costs which the railway must
30 "necessarily incur, but which are not self-



1 "identified with any particular traffic.

2 "These two items, direct cost plus a share of

3 "overhead costs, make up the total cost."

4 Now, unfortunately, it is not possible -- I
5 should say I am interpreting here -- it is not
6 possible to arrive at a percentage mark-up, so to
7 speak, above this margin of cost which will be
8 sufficient to meet all of these common expenses
9 because the traffic situation is in constant flux.

10 "There is little or no possibility of
11 "the railways being able to establish
12 "rate scales in which the rates for individual
13 "traffic movements would exactly cover the
14 "total costs of such movements. In
15 "practical application the upper rate
16 "limit is either what can be obtained in
17 "the face of other transportation competition,
18 "or if such competition does not exist, by
19 "looking to the value of the service
20 "rendered. In this latter case the rate
21 "would be of course a maximum rate to the
22 "shipper. Therefore, from a consideration
23 "of the respective interests of the shipper
24 "and the railway, a rate will generally be
25 "fixed somewhat below this ceiling so as
26 "to allow the largest possible volume of
27 "traffic to move with the greatest benefit
28 "to railway and shipper alike.

29 "The second and lowest rate would
30 "be one which would return to the railway



1 "only the direct cost of providing the service,
2 "in other words the out-of-pocket costs.
3 "Certainly the railways could not long
4 "operate if they recovered only the out-of-
5 "pocket cost of doing business.

6 "Between these two extremes there lies
7 "a wide margin within which will be found
8 "what I may call the third rate, that is,
9 "one which covers the out-of-pocket costs
10 "and in addition makes varying contributions,
11 "although less than in the case of the first
12 "and highest rate, towards the overhead
13 "expenses of the railway. It is within
14 "this margin that the majority of railway
15 "rates fall."

16 Q. Would it be a fair thing to say then
17 that the railways could compete for the Lake
18 traffic as long as they were getting their out-
19 of-pocket expenses back in carrying this traffic
20 that you suggest they might lose?

21 A. Yes, sir. We would not go below our
22 out-of-pocket costs.

23 Q. And anything above that would go for
24 the heavy overhead?

25 A. Right.

26 THE CHAIRMAN: Q. That is exactly what the
27 Canadian ship operators called the distress rates
28 that the British might be accused of taking on
29 cargo moving in the coastal trade?

30 A. If I may make a distinction, what I



1 understand by distress rate is that the rate is
2 forced down to a position that could not endure
3 on that particular traffic. It may be something---

4 Q. They used the exact definition that you
5 used there, a rate that would cover their out-of-
6 pocket costs. That is the same thing.

7 A. Yes.

8 COMMISSIONER BELANGER: Q. But a distress rate
9 is only occasional. The rate you are talking about
10 is more permanent.

11 THE CHAIRMAN: That is not so, I don't think.
12 Do you claim that the rates for your low value
13 commodities over a long period are right down at
14 the marginal cost figure?

15 A. No, sir. We try to avoid a continuing
16 situation at which the rate sits on that floor
17 and we try to allow a little come-and-go because
18 the out-of-pocket concept is not as neat and
19 precise as all that.

20 MR. MUNDELL: Q. On that basis you have
21 competed with the Lake shippers for the traffic?
22 You have in the past competed and obtained the
23 traffic which you are now fearful you will lose
24 from the Seaway, is that it?

25 A. Yes. I have described the general
26 basis of our rate-making. That is the place of
27 cost in it.

28 Q. The reason you will lose that freight,
29 though, what you fear, has to do with the matter
30 in so far as a question of a change of transfer



1 points is concerned. It has nothing to do with
2 going through on the water in an uninterrupted
3 trip?

4 A. Well, it just means that the cost of
5 water transport will fall and they will be able to
6 quote a rate that is lower than their rate now.
7 We will be coming closer and closer to a position
8 where we will be at the point of cost I mentioned
9 before.

10 Q. That is the basis on which this table
11 was prepared, calculated on that basis, that this
12 is what you think you would lose because you would
13 have to go below cost to keep it.

14 THE CHAIRMAN: The witness did not say that.

15 THE WITNESS: No, that is not so. The 38
16 million we have spoken about is simply vulnerable
17 traffic.

18 MR. MUNDELL: Q. You did not file this
19 exhibit, I am sorry.

20 MR. COTE: No.

21 MR. MUNDELL: That concludes my questions
22 of Mr. McDonald, Mr. Chairman.

23 COMMISSIONER WICKWIRE: Well, Mr. Mundell,
24 if 38 million is supposed to compete it is out
25 of a total of how much?

26 A. If I might answer that, sir, I think
27 our total freight revenues last year were 502
28 million dollars. (Pause) That is the figure,
29 \$502,830,800.00.

30 MR. COTE: Is that 1954?



1 A. That is the 1954 freight revenues for
2 the system.

3 MR. COTE: Q. Would you give the 1953 figure
4 because the exhibit was prepared on the basis of
5 1953?

6 A. The 1953 figure was \$544,715,012.00.
7 That is the total revenue figure including freight
8 revenue earned on our Grand Trunk Western Line
9 in the United States and certain other lines we
10 have in the United States.

11 MR. MUNDELL: Q. Can you give the tonnage,
12 the total tonnage?

13 A. Our total revenue tonnage in 1953 for
14 the system amounted to 86,523,327 tons.

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1 THE CHAIRMAN: You have questions for Mr.
2 McCoy?

3 MR. MUNDELL: That is correct.

4 THE CHAIRMAN: Perhaps you had better proceed.

5 MR. MUNDELL: Q. Mr. McCoy, I am referring
6 to Exhibit 125, which is your statement showing
7 the number of tons and revenue on traffic that will
8 come within the scope of increased water competition
9 with completion of the St. Lawrence Seaway and it
10 states it is based on traffic handled by the
11 Canadian National Railways during the year 1953.
12 As you know, a similar statement was filed by the
13 Canadian Pacific Railway?

14 A. Yes, sir.

15 Q. Does the traffic to which you refer
16 as coming within the scope of increased water
17 competition differ from traffic to what the
18 Canadian Pacific Railway feels will come within it?

19 A. Generally speaking, it will be the
20 same, sir. Of course, we serve certain points that
21 the Canadian Pacific Railway do not, we participate
22 through other lines.

23 Q. Could we add these two together as the
24 total traffic?

25 A. This is our own traffic, not the
26 Canadian Pacific traffic.

27 Q. That is, the information contained in
28 Exhibit 119, which is the Canadian Pacific
29 Railway submission, and 126?

30 A. Add the two of them together.



1 MR. MUNDELL: That is all the questions I
2 have, Mr. Chairman.

3 THE CHAIRMAN: What about this other element?

4 MR. MUNDELL: I beg your pardon. There was
5 one other question, and that was in Exhibit 125
6 where you refer to traffic Eastern Canada to Western
7 Canada and Western Canada to Eastern Canada, you
8 have a figure after it. Does that represent only
9 the water leg of the trip?

10 A. No, sir, that is the through part of it.

11 Q. So the \$38 million is over submitted
12 to that extent?

13 A. We feel that is the traffic that would
14 be exposed and these are our total earnings.

15 Q. You cannot give any estimate as to how
16 much of this would be the water leg on the trip?

17 A. It would be rather difficult to say
18 that because we have got to look into the question
19 of a loss of 100% in some cases and perhaps 40 or
20 50% in others.

21 MR. MUNDELL: I think that is all I have.

22 THE CHAIRMAN: Yes, Mr. Hunt. Are you going
23 to examine Mr. McDonald or Mr. McCoy?

24 MR. HUNT: Mr. McCoy, Mr. Chairman.

25 MR. HUNT: Q. Mr. McCoy, in Exhibit 134,
26 showing the rates from Montreal and Kingston and
27 other points to Newfoundland, you show that prior
28 to Confederation the freight rates to the
29 Newfoundland consumer were higher than after
30 Confederation?



1 A. Excuse me, sir. Which exhibit? There
2 are two, class rates and commodity rates.

3 Q. Exhibit 134, Mr. McCoy.

4 A. If I can see your exhibit ---

5 THE CHAIRMAN: Exhibit 130.

6 MR. MCCOY: That is 130.

7 MR. HUNT: Q. Since Confederation there
8 has been, I understand, a tremendous increase in
9 the volume of freight moved by the Canadian National
10 Railway to Newfoundland?

11 A. Oh, yes, there is no question about
12 that. Our tonnage has gone up.

13 THE CHAIRMAN: Q. You did not move any into
14 Newfoundland before?

15 A. Yes, sir, but we only moved it part of
16 the way.

17 MR. HUNT: Q. North Sydney?

18 A. North Sydney, Montreal to Halifax.

19 Q. The water competitive rates, which
20 were instituted in 1954, I understand were less than
21 any rates which had been quoted prior to that. Is
22 that not correct?

23 A. Well, that means -- how far do you want
24 to go back?

25 Q. During the last five or six previous.

26 A. There may have been some cases where
27 there were differences. Generally speaking, I
28 would say you are correct.

29 Q. I believe those rates were instituted
30 to compete with the British carriers from the



Lakes?

1 A. They were instituted to compete with
2 the Constantine line and the Newfoundland Great
3 Lakes line.

4 Q. Mr. McCoy, were those rates instituted
5 to meet competition or to eliminate competition?

6 A. They were instituted with the sole
7 thought of our own desire to stay in the business
8 and there was no question of eliminating competition.
9 There was no question of meeting it because we are
10 not entirely sure what their charges are. We
11 reduced it to the best of our ability and probably
12 what we thought would keep us in business.

13 Q. There had been tariffs published by
14 those two British carriers in 1953, had there not?

15 A. To the best of my knowledge, yes, but
16 they were only with the Board. Whether or not they
17 were authoritative rates we have no knowledge,
18 whatever.

19 Q. You have direct water competition out
20 of Montreal, I understand?

21 A. We do, yes. We have always had direct
22 water competition out of Montreal, sir.

23 Q. During the season of open navigation
24 on the St. Lawrence Seaway, on the basis of the
25 longest haul for your company, would it not be
26 reasonable to compete against that water competition
27 by shipping to Halifax; by hauling to Halifax and
28 ships from there to St. John's?

29 A. I do not get the import of your
30



question.

1
2 Q. You say you have water competition out
3 of Montreal?

4 A. Yes, sir.

5 Q. I believe I may have misconstrued your
6 answer, but I understood when you have a par-
7 ticipating arrangement with ships that the Canadian
8 Pacific Railway prefers to have the longest portion
9 of the haul itself if it can so arrange to do so?

10 A. Yes.

11 Q. Did you consider hauling to Halifax
12 and ships from Halifax to St. John's or other
13 Newfoundland ports and meeting the competition of
14 Montreal shippers as well as those shipping direct
15 from the Great Lakes?

16 A. I am not entirely sure that I under-
17 stand your question. I want to be as helpful as
18 I can. To begin with, naturally if we are in the
19 business of moving traffic so-called from Montreal
20 to St. John's we would prefer to handle that
21 through North Sydney and Port aux Basques.

22 Q. We have competing routes via Halifax?

23 A. Obviously we handle some of it via
24 Halifax. There is no question about that. The
25 steamship companies solicit it that way, in the
26 matter of competitive rates, cents per hundred
27 pounds, Canadian National direct, Canadian
28 National via Halifax, and steamship lines or
29 Clarke Steamship Company direct. Up to the present
30 we have no published specific competitive rates



1 from Montreal. That is a question of managerial
2 discretion. We have the right to meet competition
3 or we may disregard it. In fact, from Montreal
4 the service direct is such we probably could not
5 adequately meet it. We might. We have not tried
6 it yet. I am not saying what we will do in the
7 future.

8 COMMISSIONER BELANGER: Q. You mean the
9 Clarke Steamship service?

10 A. Yes, sir. They make direct passages
11 which would be faster than our movement to Halifax
12 and transferring at Halifax and proceeding on.

13 Q. This is a Canadian company.

14 A. Clarke? To the best of my knowledge --
15 the Clarke Steamship people would have to answer
16 that one.

17 THE CHAIRMAN: It is a Canadian company.

18 MR. HUNT: Q. You have an agreement with
19 participating steamship lines in which they under-
20 take to remain east of Montreal, is that correct?

21 A. Montreal and east, that is right, sir.
22 Yes, sir.

23 Q. In your participating agreements
24 with American carriers, is there a similar clause?

25 A. We do not have agreements as such.
26 In other words, paragraph by paragraph and signed
27 by both parties. In our working arrangements
28 with, say, United States carriers, what we do
29 is agree upon the routes, rates, and how they
30 will be split up.



1 They are published in documents somewhat
2 similar to their tariffs, except they show the
3 conditions as between the United States carriers
4 and of course they are for the private use of
5 carriers only. They are not filed with the Inter-
6 State Commerce Commission or our own Canadian Board
7 at Ottawa.

8 The steamship operation is an entirely
9 different one based upon transfers and other
10 details which do not exist in a direct rail route.

11 Q. I think we can accept the fact that
12 if direct shipments from the Great Lakes are
13 stopped, your rate will return to the original
14 all rail or rail-water rate?

15 A. We would survey that situation. We
16 have to look at the actual as well as the potential.
17 I think we pursued that fairly well this morning
18 in respect to our rates to New York out of St.
19 John's.

20 Q. I do not know if Mr. McDonald would
21 rather answer this, Mr. Chairman. On the divisions
22 which you have with the various carriers in your
23 list of articles, are there not at least three
24 that you accept for shipment and pay the shipper
25 more than you receive yourself?

26 A. We would be very happy indeed to give
27 that information to the Commission, but it is not
28 our policy and the Board of Transport Commis-
29 sioners does not ask us to make the division
30 of that public. We would be very glad to give



1 any information we can to the Commission.

2 THE CHAIRMAN: Q. You simply do not want to
3 give it in an open hearing?

4 A. No, sir, I do not.

5 Q. You do not wish to give it?

6 A. No, I do not wish to give it in an
7 open hearing.

8 THE CHAIRMAN: I see no purpose in taking
9 any other position here unless the Board wishes it.
10 It will be filed. You will send it to the Secretary.

11 A. Very well, sir. It will be for the
12 use of the Commission?

13 THE CHAIRMAN: For the use of the Commission.
14 Is that all, Mr. Hunt?

15 MR. HUNT: Yes, Mr. Chairman.

16 THE CHAIRMAN: Is there any further
17 examination of Canadian National witnesses? Thank
18 you very much, gentlemen.

19 MR. COTE: I would like to say, Mr. Chairman,
20 if that is the conclusion of the Canadian Pacific
21 representation, I would like to say that on the
22 basis of the proposal advanced by the Canadian
23 National, it would not contravene the British
24 Commonwealth Merchant Shipping Agreement of 1931
25 and would not, if implemented, require any amend-
26 ment to that agreement.

27 MR. MUNDELL: Mr. Chairman, before pro-
28 ceeding to the next brief, there is one document
29 that has been made available by the Canadian
30 Pacific Railway which I think would be worth while



1 filing as an exhibit. This shows the movement of
2 bulk grain from Fort William, Bay ports, and local
3 Ontario points to St. Lawrence River ports; Canadian
4 Atlantic ports; and United States North Atlantic
5 ports, and I have been asked to point out that
6 document was not prepared for filing and there
7 were one or two figures missing in relation to
8 Ontario ports which can be found in other exhibits,
9 so rather than taking the time up to have it re-
10 drawn, since it is only to give a sketch or
11 pattern, I think it may be well worth while to
12 file it this morning. I will file that as
13 Exhibit 137.

14 ---EXHIBIT NO. 137: Document filed by C.P.R.
15 showing movement of bulk grain
16 from Fort William and other
ports.

17 MR. MUNDELL: The next brief is Canadian
18 Vickers, which is Brief No. B-31, Mr. O.H. Barrett
19 appearing.

20 SUBMISSION OF CANADIAN VICKERS

21 ---Mr. O.H. Barrett appearing.

22
23 MR. BARRETT: Mr. Chairman, and Commissioners,
24 I am appearing for Canadian Vickers Limited. I
25 am its president. Associated with me here to-day
26 is Mr. R.K. Thoman, vice-president and general
27 manager of the company, who is a qualified
28 professional engineer and has had quite a number
29 of years of service with the company, and also
30 Mr. J.A.S. Peck, who is the executive assistant



1 to Mr. Thoman and is a qualified naval architect
2 with considerable experience.

3 I also have Mr. Mossett, our vice-president
4 on finance, so that if there are any fiscal or
5 financial questions that he may be able to help
6 the Commission on he is here to serve you.

7 It is my intention not to repeat anything
8 that has been said in the brief but to go into
9 detail with certain parts of it, and to qualify
10 or demonstrate to the Commission certain meanings
11 that are implicit in what is said in the brief so
12 we can get down to facts rather than submissions.

13 Also when we get to certain points in the
14 brief where the matters appear to be technical,
15 such as shipbuilding or the qualifications of
16 tradesmen in the industry, I intend to ask such
17 individuals as will be best able to give evidence
18 on that. Is it your desire I proceed?

19 THE CHAIRMAN: Well, I think that is better.

20 MR. BARRETT: First I would like to say in
21 so far as the introduction to the brief is con-
22 cerned, there is a short description of the company
23 and in order that we not take the Commission's time
24 in expanding that description, I would like to file
25 a publication of the Financial Post Corporation.
26 On the buff sheets it describes in great detail
27 the particulars of the company and its history
28 so if the Commission wishes to read that paper,
29 they may.

30 Now, I would like to attach a statement



1 of particulars of the engineering services which the
2 company makes because this buff sheet does not
3 cover that adequately and I think the Commission
4 will have a much better conception of the engineer-
5 ing business done by the company and it will
6 understand some of my comments.

7 THE CHAIRMAN: That will be Exhibit 138.

8 ---EXHIBIT NO. 138: Financial Post Corporation
9 statement and attached products
10 of Canadian Vickers.

11 MR. BARRETT: I shall make no further
12 reference, Mr. Chairman, to that, beyond filing it
13 at this time.

14 COMMISSIONER BELANGER: Q. Did you get an
15 extra copy of the Financial Post?

16 A. There are three copies. Unfortunately
17 that is all the Financial Post Corporation had to
18 give me.

19 I should like also in connection with the
20 company information to file Exhibit 2 with the
21 Commission, which indicates the holdings of our
22 shares in percentages, and you will note that 87%,
23 roughly, of our -- 86.7% to be exact -- of our
24 shares are held by Canadian holders. With one
25 small ambiguity ---

26 MR. MUNDELL: Q. Can you clear up if they
27 are Canadian citizens or residents?

28 A. I do not know whether they are
29 Canadian citizens. They are held as Canadian
30 residents.



1 Q. Of Canadian addresses?

2 A. That is right.

3 MR. MUNDELL: Exhibit 139, a statement
4 entitled, "Holding of Shares of Canadian Vickers
5 Limited as at close of business June 30th, 1955."

6 ---EXHIBIT NO. 139: Document showing holding of
7 shares of Canadian Vickers
8 Limited.

9 MR. BARRETT: So that the Commission will
10 understand the relative importance of the two sides
11 of the industry, it might be well to say that about
12 50% of the profits of the organization are earned
13 from each of the two divisions, the Engineering
14 Division and the Marine Division. Of course, this
15 varies up and down depending upon whether one
16 division or the other is more active in any given
17 year but it comes out to about that over the long
18 period.

19 On the other hand, the dollar value of the
20 amount of sales as opposed to the contribution to
21 profit, the dollar value of sales of shipbuilding
22 to engineering is about two to one. In other
23 words, the Shipbuilding Division sales are about
24 two to one to the engineering. On this I might
25 point out one fact, of course, that the amount of
26 actual benefit and profit derived from the company
27 is relatively less from the shipbuilding and marine
28 side due to certain factors, which I will develop,
29 than it is from engineering.

30 Now, the purpose in the brief, gentlemen,



1 and of our appearance before the Commission, is to
2 urge the Commission to recommend in their report
3 to the Government that the Coasting Trade of Canada
4 be reserved to ships registered in Canada and,
5 secondly, that from a convenient date, and that
6 date, of course, has already been suggested in the
7 Canadian Shipbuilding and Ship Repairing Association
8 brief, January 1st, 1957, or at any date in the near
9 future, all vessels added to or replaced in the
10 Canadian Coasting Trade shall be built in Canadian
11 shipyards.

12 It certainly follows if the Commission were
13 to so recommend that it would also recommend our
14 suggestion of action necessary viz-a-viz the
15 British Commonwealth Shipping Agreement of 1931
16 and Part XIII of the Canada Shipping Act.

17 In Section 3 of the brief there is a very
18 minor -- should I say inadequate description of the
19 shipbuilding result of the company, which I would
20 like to expand upon, because it is in that regard
21 we are concerned as far as the future is concerned
22 and I should like again to file Exhibit 3.

23
24 ---EXHIBIT NO. 140: Statement showing ships built
1911-1954 by Canadian Vickers.

25 MR. BARRETT: The Commission may have noticed
26 when they visited our yard that the hull on the
27 ships was numbered 264, and should they question
28 why we show 229 hulls as being built, I must say
29 to you that the difference is there were cancelled
30 orders, but we maintain the ull order straight



1 through so that the figure given in the brief is
2 correct, 229.

3 In connection with the 108 naval vessels
4 during World War II, we built for the Royal Navy --
5 we have built ships for the Royal Navy, the Royal
6 Canadian Navy and the United States Navy. We have
7 built 21 ships for the Royal Navy, three corvettes,
8 eight frigates and ten landing ship tanks, or as
9 some people call them, transport ferries. For the
10 U.S. Navy we built two frigates, for the British
11 Admiralty, technically, but for the use of the U.S.
12 Navy. The Royal Canadian Navy vessels built
13 throughout the Company's history is 71. That is
14 shown in the 108 ships in Exhibit 140.

15 On the second page of Exhibit 140 I would
16 draw the attention of the Commissioners to the
17 number of ships built during the years from 1911
18 which makes up a total of 229, and I have already
19 given you the particulars of the naval ships which
20 total 180 in that group.

21 On page 3 of the same exhibit we have listed
22 in a summary fashion the naval vessels built since
23 the formation of the company, which accounts for
24 the whole of the 108 vessels which I have
25 mentioned. We feel it is an impressive total.
26 The fact that it was done for both World War I and
27 World War II for not only the Royal Navy but the
28 U.S. Navy and the Canadian Navy, the ships built
29 in our yards emphasizes the importance of this
30 as well as other yards; I do not exclude others



1 of the Canadian shipyards; ours is illustrative of
2 the whole, the importance to this country of a
3 healthy facility for the building of naval craft.
4 That is the purpose of producing those in detail if
5 you desire to study it.

6 In Para. 4 of the brief we mention there the
7 various facilities which the company is maintaining
8 in Montreal. Going over it quickly, I think that
9 the first A, B, C are self-explanatory, but I would
10 like to mention in connection with the ship repair
11 department that that department is integral with
12 shipbuilding. It uses practically all the facilities
13 of the Ship Building side and the health of the
14 ship repairing facilities is in many ways dependent
15 upon the health of the shipbuilding facilities.

16 The equipment and various operations connected
17 with it are served by much the same people who are
18 not production workers but are service workers and
19 the work is an integral part of the other ship-
20 building facilities.

21 In (F) I should like to point out in connec-
22 tion with the Naval Architects and Marine Engineering
23 and Drawing Office, in this connection, as well as
24 in connection with the Naval Central Drawing Office
25 mentioned in the next paragraph, and the matter of
26 supervisors of shipyard employees mentioned further,
27 that I should like to call Mr. Peck to demonstrate
28 or to illustrate to the Commission the qualifications
29 of these tradesmen particularly and of the work done
30 in these offices.



1 As a general statement, I should like to say
2 in the Marine Drawing Office, as distinct from the
3 Naval Central Drawing Office, there are two
4 different divisions. There are about 48 people
5 employed in the commercial drawing office at the
6 moment and that office has done all designs of
7 design drawings for new ships, that is commercial
8 ships, and working drawings for any ships which we
9 may obtain.

10 In conjunction with that, there is a good
11 deal of testing equipment which is necessary in
12 connection with the work of the architects
13 and marine engineers in investigating work.

14 What I would like to emphasize is that one
15 of the main reasons for maintaining a naval
16 architect and marine engineering drawing office
17 is that we feel that with that kind of facility a
18 better and cheaper ship can be developed, can be
19 built, than if we were to go outside and hire a
20 professional naval architect and pay professional
21 fees and, besides, the naval architects and marine
22 engineers work in a very intimate fashion with the
23 shipbuilders themselves.

24 Ships, as you may appreciate, vary greatly
25 in character and design.

26 Speaking of the Naval Central Drawing Office,
27 this office, being a working office, is the lead-
28 yard in the new destroyer escort programme for
29 the Royal Canadian Navy. That particular facility
30 can create a ship -- I am speaking of a naval



1 ship there -- in discussion with the Navy Board it
2 creates on the drawing board until it is produced.

3 The present destroyer escorts, as compared
4 to the former, I should like to emphasize, are
5 hard to compare. The present vessels are veritable
6 packets of electronics as compared with the ships
7 in former years. On this particular ship prac-
8 tically everything is geared to electronics or
9 radar or automatic technical devices which formerly
10 were of a manual character. For that reason the
11 office is divided into particular sections. I will
12 not take the time to describe them but they are
13 specialists in each of those sections in the
14 matter of a particular type of hull construction,
15 hull engineering or piping or electronics. I
16 would emphasize this, this is the first ship that
17 has been designed, developed and built in Canada
18 of original Canadian design. I think that is
19 important in terms of what we understand to be the
20 policy of the Government in connection with any
21 naval shipbuilding in a future war.

22 One thing I would like to say about the
23 Naval Central Drawing Office is that it is very
24 easy for the people in that office to see that the
25 present naval programme is, from the design point
26 of view, tapering off. There are long term plans
27 in the offing for other naval ships but the
28 present programme, which has been the means of
29 support and inspiration to these people, who are
30 highly skilled, is tapering off and we have had



1 a serious -- I may say we cannot prove this
2 result, there may be other reasons, but I
3 would think that this would be the result of
4 a considerable turnover recently in the
5 staff of the Naval Central Drawing Office,
6 because I suggest to you just the mere
7 suggestion and the keymen are the ones that
8 want to leave. If they see the programme
9 is tapering off they will probably leave
10 before the others and try to acquire other
11 jobs. We have had that happen and have had
12 some information as to where they have taken
13 jobs.

14 I should like to file Exhibit No. 141.
15 That is a record of the resignations, hiring
16 and net loss for the technical staff in the
17 last six months and the last six weeks which
18 demonstrates the tapering nature of the
19 present naval programme.

20 ---EXHIBIT NO. 141: Statement showing turn-
21 over of technical staff,
22 Canadian Vickers Limited.

23 COMMISSIONER WICKWIRE: Q. You said
24 the last six months or six weeks?

25 A. It shows both. In connection with
26 Paras. 4H and I of the Brief at the top of
27 page 2.

28 I should like to file Exhibit 5 and
29 Exhibit 6.
30



THE CHAIRMAN: That shall be Exhibits

142 and 143.

---EXHIBIT NO. 142: Statement of average employment of productive employees of Canadian Vickers Limited over last ten years.

---EXHIBIT NO. 143: Statement showing number of employees working on week ending September 22nd, 1955, Canadian Vickers Limited.

MR. BARRETT: I shall be referring to these exhibits later, but at the present time would point out that Exhibit 142 is a statement of the average employment of the purely productive employees in the shipyards over the last ten years. I emphasize "purely productive" because it does not include administrative, technical or naval architects or types of other equally skilled people who have to serve in the shipyard. This is purely productive workers.

THE CHAIRMAN: Q. Well, surely

.....



1 architects and draughtsmen are productive?

2 A. They are not productive workers in
3 the yard, Mr. Chairman. They indeed are, and
4 if I suggested differently I certainly did not
5 mean to create that impression.

6 One can see from a high point in 1946
7 there was a gradual decline in the number employed
8 in the yard until we get to about 1953 which we
9 have indicated. That is really 1952, because
10 February 28th is the end of our fiscal year.
11 That is the basis upon which we keep our
12 accounts. It really is the year 1952 and not
13 the year 1953.

14 It went up again in the following year
15 and then began to decline again. That is due
16 entirely to the fact that at that time the
17 present destroyer escort programme was put
18 into operation and ships began building; at
19 the same time frigates for the Navy were also
20 undertaken and a third factor, which combined
21 employment on what I would consider a temporary
22 basis, was the fact that we also had ships to
23 build for South America. I might say they are
24 the last ships we have built for any foreign
25 customer.

26
27
28
29
30



1 The reason we obtained these ship orders from
2 South America was due to the condition of delivery
3 in European yards, U.K. and Continental European
4 yards. We were able to acquire these orders on a
5 delivery basis although the costs, of course, were
6 fully in line with those indicated in the Canadian
7 Shipbuilding and Ship Repairing brief as compared
8 with the European and U.K. costs, but that explains
9 that temporary rise in employment in 1952 and 1953
10 calendar years.

11 I would also like to point out in connection
12 with our shipyard workers themselves, they belong
13 to -- in case there should be some thought some of
14 these tradesmen can switch from one division, that
15 is the Engineering Division, to the other by
16 transferring, that they belong to Unions separate
17 and different from the Engineering Division employees
18 and any transfer is well high impractical or
19 impossible, I might say. There is no provision
20 in the Union to permit it. They belong to
21 entirely separate national Unions.

22 At this point I would like to call Mr. Peck
23 and interrupt my testimony because I would like to
24 deal with the special nature of the skills in the
25 shipyards. He is much more competent to tell the
26 Commission about that than I am and I would like
27 to continue.



J.A.S. PECK, called.

1
2 MR. BARRETT: Q. Mr. Peck, I had indicated
3 to the Commissioners that you would deal with the
4 naval architect and the purpose of the drawing
5 office and then proceed to go to the shipyard skill.
6 If you do not mind I will interrupt you if I think
7 you have missed a point.

8 A. I think in that case I had better just
9 go through the procedure that we go through when
10 we receive a ship order. The first job, of course,
11 is to clarify the design of the vessel, settle all
12 the dimensions, the shape of the vessels and the
13 arrangement of all the accommodation, cargo space,
14 cargo handling gear and so on. That has to be
15 done on what we call design drawing for this
16 particular ship, which then goes to the drawing
17 office which consists basically of three offices,
18 the hull office, the electrical office and the
19 marine engineering office.

20 The first job that has to be done is to
21 order the steel materials for the main construction.
22 I am taking these sections one by one. For that
23 purpose we have draughtsmen who draw this one
24 drawing, develop an individual detailed working
25 drawing on all parts of the structure so that they
26 lift the material, they lift each plate; each
27 piece of steel is measured accurately from these
28 drawings for a particular job.

29 At the same time, of course, the Engineer-
30 ing Division will have to be developing its



arrangements and ordering its main engines, auxiliaries, pipes, castings, shaftings, and that type of equipment.

Q. When you say engineering division, you do not mean the Engineering Division of the company but the Engineering Division of the drawing office?

A. Yes. Simultaneously the electrical people, a division of this drawing office, works out where it will run its cables and likewise orders its materials.

A great deal of the skill in preparing these working drawings comes by co-operation between the three divisions so that, for example, the electrical division does not decide to run its main cables through the same space that the piping people wish to run their pipes. That may sound simple, but in certain types of ships it is far from simple, because the pipes, electrical cables and ventilation ducts, and so on, criss-cross each other in very, very small spaces.

The drawing office people have to be able to know what materials are used for what job, how to connect aluminum and steel, and what kind of timber to use for wood decks. They have to be able to calculate the strength of masts and derricks and rigging and all in all these skills are perhaps very important and the experience which is necessary takes some time to accumulate.

When these drawings go up to the shipyards they go first to the mold loft, to what we call



1 the mold loft floor. From their drawings on this
2 floor they make templates of the ship's structure
3 which are ultimately passed on to the platers who
4 are the steel workers.

5 To indicate some of the skills of the loftsmen,
6 you can imagine a shell plate, the curved shape of
7 the ship ---

8 Q. Would you just describe that, the
9 curved shape?

10 A. Well, the ship that you saw, for
11 example, the other day when you visited the plant,
12 you would notice that the hulls have a curvature
13 in every direction, virtually speaking.

14 Q. And the decks?

15 A. The decks, of course, have shearing
16 and they have camber across --- In other words,
17 shipbuilding, it can be seen, differs from other
18 work in that you are dealing with curved places
19 much more than other places.

20 Returning to the loftman operation, he has
21 to make templates and develop the actual ship,
22 shell plate drawings. That is something which
23 is sometimes hard for the layman to understand
24 but it can be done. Each plate on the side of the
25 ship can be lifted from this floor. The loftsmen
26 also has to be quite familiar with the various
27 regulations, the various classification
28 regulations with regard to the types of welds and
29 so on. He receives from the drawing office
30 notes on the drawing indicated by symbols what



1 these welds are to be. He has to transfer these
2 to templates. Some of the templates which the
3 loftman makes are just like a large wooden rectangular
4 and others are in the form of strips of wood. These
5 templates, both kinds, are then transferred to the
6 plater. The plater has to know, for example,
7 precisely how to use these templates and the fact
8 that some of them are full templates and others
9 are only strip templates means that there has to
10 be a good deal of continuity of operation between
11 the loft and the plater shop, otherwise he would
12 never know what form his information was going to
13 come to him in.

14 With regard to the platers themselves, I want
15 to say a word about the platers themselves. They
16 form the plates actually. If you take the frame as
17 an example, the curved angle has to have a certain
18 "S" shape, but not only does that frame have to
19 have that curved shape, but the flange on the frame
20 has to have a certain baffle on it in order that
21 it lies against the side of the boat and that it
22 makes the proper contact, so there again you have
23 a curvage, and the thing is, generally speaking,
24 a rather specialized job, in fact, a very specialized
25 job.

26 These people must know the contractions of
27 the frames when they are heated so that they --
28 rather, the expansion when they are heated, so
29 that when they contract they are the proper shape
30 and proper length and so on.



1 Shipwrights are another trade. Shipwrights
2 are responsible for putting together all of the
3 pieces of the fabricated pieces of the ship in berth
4 and that in itself is quite a skilled job because,
5 as you know, ships are built on a slope and with
6 each piece that is assembled into the ship they
7 have to correct for this fact.

8 They are also responsible for seeing the
9 ship is kept to its true shape during construction,
10 that its keel is straight and that the bulkheads
11 as they go in are not twisted so that the final
12 result is a fair job.

13 There are, of course, many other trades. I
14 think I have perhaps said enough about that.

15 Q. In connection with these trades you
16 have mentioned, the shipwrights and platers and
17 loftsmen, what would you say as to the possibility
18 of the length of time required to train these
19 people? How long does it take to train these
20 people, train them well?

21 A. Well, the best way I can answer that
22 is to say that in Britain the apprenticeship is
23 five years for any of these trades that you have
24 mentioned.

25 Q. Now, coming to the matter of people
26 like electricians, pipefitters and perhaps engine
27 fitters, would you tell the Commission whether
28 there is any specialty about these people or
29 whether they can be transferred from your
30 Engineering Department of the company into the



1 shipyard and what are the implications of that?

2 A. Actually, taking the engine fitters
3 first of all, the people we require in the shipyard
4 in relation to engine fitters are, generally
5 speaking, people who have had some operating
6 experience on ships and they are very often when
7 we are installing the machinery, they are the
8 people who actually form the engine crews when
9 the vessel goes on its trials.

10 There are some special aspects of the marine
11 engine fitter's job which are quite specific to
12 ships, such as the installation and lining up of
13 shafting, lining up of auxiliary pumps to motors
14 and so on. Sometimes these are bad plates.
15 Sometimes they are individual units. They must
16 have a pretty good idea of aligning various bits
17 of equipment of all kinds. Shafting, I
18 have mentioned, is quite tricky because a ship is
19 not a solid structure. It does not necessarily
20 retain its shape throughout its life. There are
21 many ways in which marine engineer shafting can
22 be lined up, but some of them are right and some
23 of them are wrong.

24 Q. Would you tell the Commission if these
25 people use ordinary tools, such as electricians
26 or carpenters? Do they use the ordinary tools
27 used by these tradesmen?

28 A. Substantially.

29 Q. Do they use them just the way others
30 would use them?



1 A. Well, they use similar tools but the
2 difference, so to speak, is in the skill. They
3 use wrenches and levels and that sort of stuff.

4 Q. Does something have to be added or
5 does something not have to be added compared with,
6 say, a carpenter building a house with square
7 angles?

8 A. Yes, it does because if you have a
9 qualified man and the man is intelligent, there
10 would be no particular problem in taking a house
11 carpenter and training him to do the same job on a
12 ship. A house carpenter is a rather bad example,
13 say a house electrician or some one like that.

14 Q. How long would it take him to learn?

15 A. That depends on the man's intelligence,
16 but I think the best guide to that is the fact that
17 the recognized apprenticeships in those trades is
18 on the order of five years.

19 THE CHAIRMAN: Q. That is an apprentice, a
20 young boy who comes out of school, not a man who
21 has been an electrician for years.

22 MR. BARRETT: Q. Assuming an experienced
23 electrician who has had his apprenticeship training ---

24 THE CHAIRMAN: Q. Take somebody from the
25 Westinghouse plant right here in Montreal?

26 A. Well, he could certainly pull cable
27 and clip it up, but if he came on a ship to ---

28 MR. BARRETT: Q. What else?

29 A. There are other jobs beyond pulling
30 cables and so on. There is testing circuits and



1 adjusting electrical equipment. There is such an
2 operation as paralleling generators, things which
3 are not just pulling cables. There may be something
4 with the engine which is driving the generator and
5 in naval work, of course, there is all this
6 electronic equipment to which Mr. Barrett has
7 referred. You have to connect up all the wires
8 on the proper terminals and immediately you have
9 done that you may have to have a man check it
10 through, fault-finders. He is quite a technically
11 trained person.

12 Q. I think those are the chief trades, are
13 they not, as far as shipbuilding is concerned, that
14 might require special training and skills. What
15 about these people such as the blacksmiths and
16 pipefitters and people like that. Can they go
17 aboard ship or do naval work or shipbuilding work
18 just from the outside?

19 A. No, it would take a pipefitter, for
20 example, the sort of trouble you would run into
21 with a pipefitter would be -- going on the ship
22 would be -- he would knock holes for his pipes in
23 watertight bulkheads or would make unsuitable joints
24 in places like oil fuel bunkers and that type of
25 thing.

26 THE CHAIRMAN: I think we will adjourn
27 until 2.30.

28
29 ---Whereupon the hearing adjourned at 1.10 p.m.
30 until 2.30 p.m.

AFTERNOON SESSION

1
2 ---Upon resuming at 2.30 p.m.

3
4 THE CHAIRMAN: Yes, Mr. Barrett?

5 MR. BARRETT: Just a few more words, Mr.
6 Chairman, in connection with the trades complement
7 and that is that I should like to emphasize to the
8 Commission that the composition of this force, of
9 this working force -- and I would like to say in
10 connection with my term "productive labour" that is
11 an expression used by the Department of Defence
12 Production -- and we used that term -- that the
13 composition of our own working force, as such, in
14 any particular shipyard as well as in our own,
15 depends on what either has been undertaken or what
16 may have to be undertaken.

17 I would like to say that the force is not in
18 the nature of a battalion with a fixed number of
19 officers and sergeants, corporals and private
20 soldiers. It varies with the kind of job one has
21 to do, and to-day there is a considerable mixture
22 of trades people having to do with each skill.
23 That is also accented and emphasized by the increasing
24 complexity of the ships we have had to build as the
25 years go by. That, in turn, affects our kind of
26 tradesmen and the number and their skill.

27 To mention a few types of ships that we have
28 had to build in the last few years, they have been
29 everything from minesweepers to frigates, merchant
30 vessels, destroyer escorts and special ships like



scows and dredges.

To maintain an efficient and effective shipyard under any given set of conditions means maintaining, and training where required, a wide variety of skills.

Not much has been said about merchant vessels here, but I should like to say one word, that it is popularly supposed or popularly thought that merchant ships have not changed a great deal. Now, perhaps it is true in so far as the general number of things which a merchant ship has to have is concerned, but as some one said to me the other day, there was an entirely different appearance to the engine room of to-day as compared to the engine room of 30 to 40 years ago. The introduction of the Diesel and Diesel electric equipment has brought about a change, and there are many equipments going on merchant ships to-day which were not thought of until about a few years ago.

This, then, gentlemen, is the presently effective plan, this whole description, my description and Mr. Peck's, and the organization, which would be seriously damaged, if not destroyed, in the event that demands visualized in the event of war are put upon them and could not be met under those circumstances.

THE CHAIRMAN: Looking at Exhibit 143, I see there are in the Marine Department on 22nd September 1,379, and you would have to assign a portion of the 270 and 623 for services and staff?



1 A. That is right.

2 Q. So it would get up, I would suggest,
3 to 1,700?

4 A. I would say about two-thirds of the
5 people shown under services and staff are personnel
6 working as against the Marine Department technical
7 work.

8 Q. We had the opportunity of going through
9 your whole plant. We were told that day there were
10 within a few of 1,800 assignable to shipbuilding.
11 Now it would appear your shipyard staff is down
12 to 1,200?

13 A. That is the productive labour in the
14 plant, the shipyard workers themselves, and that
15 does not include staff and services, the only staff
16 are the architects and the supervisory staff.

17 Q. Here in Exhibit 142 it is the hourly
18 rated?

19 A. Yes, some of our supervisory staff are
20 on hourly rate, others are on salary.

21 Q. But your effective shipbuilding plant
22 has about 1,800 employees in it now?

23 A. I would say that is as close as one
24 could judge it right now, because we do not
25 maintain it in quite that way, we maintain it in
26 the four classifications we see on the sheet.
27 That is as close as one could be, I should say.

28 To continue, I do not believe, and maybe I
29 presume to believe, that I need not put before the
30 Commission much of the evidence that has been put



1 before it before, concerning the events outlined
2 generally in Section 12 of the Canadian Shipbuilding
3 and Ship Repairing Association's brief, that is,
4 it details there the threats against the survival
5 of Canada's shipyards, and that in turn is supported
6 by Section 9 and 11, 9 being a recounting of the
7 percentage of cargoes of Canada's Coasting Trade
8 carried by ships not registered inCanada, and
9 mentions that 36 British ships have entered the
10 Coasting Trade during the year 1954. If you will
11 accept that as my evidence as well, it would save
12 recounting all the details.

13 It comes down to this, that to-day our ship-
14 building activity is mainly supported by the work
15 for the Government of Canada; part way by foreign
16 orders, where we can get them, which we were able
17 to get after World War II particularly for the
18 South American countries and of which we have had
19 none as far as new orders are concerned for the past
20 almost four years; and thirdly, the work for the
21 Navy, which I would emphasize did arise in part
22 from the Korean scare, if I may call it that -- it
23 was a very real thing to those that were there,
24 but the war scare caused by the Korean incident
25 in 1950. So that the accent on our shipbuilding
26 as shown by the employment records, was caused by
27 this extraordinary cause at that time; but to-day
28 the main support of our building is work for the
29 Government, work for the Navy, and work, wherever
30 we can obtain it, in so far as commercial ships



1 are concerned for Canadian customers.

2 THE CHAIRMAN: Are there any in your yard
3 of the latter except the Rogers?

4 A. No, sir, the Clifford Rogers. We will
5 not have it after to-morrow. I think that is the
6 date.

7 MR. THOMAN: Yes, 9.00 o'clock to-morrow
8 morning.

9 COMMISSIONER WICKWIRE: The Saguenay River
10 has been a little helpful.

11 A. It has gone, too.

12 THE CHAIRMAN: We want to ask you some
13 questions. You say you are delivering to to-morrow
14 morning at 9.00 o'clock?

15 MR. THOMAN: We are signing the papers
16 transferring ownership to them at 9.00 o'clock in
17 the morning.

18 MR. BARRETT: We will not have the Rogers
19 after then.

20 THE CHAIRMAN: Why aren't you able to build
21 for foreign construction? I know your answer will
22 be costs.

23 A. That is right.

24 Q. But you got it before at high cost?

25 A. Yes.

26 Q. Because of very poor delivery from the
27 United Kingdom yards?

28 A. Not only poor delivery, but the fact
29 that the United Kingdom yards were about the
30 only yards that had been rehabilitated up to that



1 period. It is since in the last five years that
2 the German yards and the Italian yards and the Dutch
3 yards and all these other European yards which were
4 badly damaged during the war, have revitalized and
5 you have got a sudden upsurge of capacity in Europe
6 that did not exist for a few years after the war.

7 Q. Well, United Kingdom yards' delivery
8 would seem to be just as poor, if not poorer, at the
9 present time?

10 A. Yes, Mr. Chairman. I would suggest,
11 too, that as time goes on -- they were overcome
12 with orders, but as time goes on they may become
13 as worried about European orders as we might be of
14 all the European yards, that is Continental European
15 yards.

16 Q. We have heard suggestions to that
17 effect, but we have heard a very definite denial
18 of it.

19 A. I am afraid I cannot give evidence to
20 that. I will say to you that we know that the
21 competition from Europe is most severe and is
22 indicative of something that is going on, Mr.
23 Chairman.

24 It is difficult. We have information as
25 to certain ships presently under construction in
26 the United Kingdom. Now, there are two cargo
27 ships, canallers, being built in the United
28 Kingdom by a customer who bought seven ships from
29 us before this, and here are the first two ships
30 that we know of that we know they have gone out



1 of Canada to build. It is a straight question of
2 the capacity being available in Great Britain to
3 that extent, and costs on our side. Here is one
4 of our customers who, as I say, in the last post-war
5 years, bought seven ships from us and right now
6 they are building two cargo ships in Great
7 Britain and they are canallers.

8 There is another cargo ship, a canaller --
9 and incidentally these ships are around the 3,000
10 deadweight ton size, which makes three. There
11 are two, I believe, Canadian National Railway
12 Company cargo passenger ships which are fairly
13 small ships for the Coasting Trade. There is a
14 cargo ship and a passenger ship for a paper company.
15 I believe it is a small ship. Then there are two
16 ore carriers which perhaps will operate out of
17 Seven Islands either to the Atlantic Coast or up
18 to Contrecoeur, of 31,000 tons each, are being
19 built.

20 THE CHAIRMAN: Those are ordered in 1951 and
21 are being delivered in late 1956?

22 A. That may be so.

23 Q. A very poor show, as far as delivery
24 is concerned?

25 A. Yes, but the suggestion is also quite
26 valid that these ships could have been built in
27 Canada. We had the capacity in 1951 to build
28 these ships in Canada, but they are being built
29 in the United Kingdom, and among the reasons they
30 were, I suggest to you, cost would be a very



1 important one.

2 COMMISSIONER WICKWIRE: Do you know anything
3 about the delivery of those two ships?

4 A. Of the Contrecoeur ships?

5 Q. No, the two ships that your former
6 customer is having built?

7 A. Do you know approximately that date?

8 MR. THOMAN: I know the delivery date was
9 15 months, and it so happened it tied in with the
10 winter again, and he doesn't know whether he is
11 going to get it in 15 months, or not, or something
12 else.

13 MR. BARRETT: But that 15 months is a reason-
14 able period, a reasonable figure to-day. I also
15 add there is a vessel for the C.P.R. railway car and
16 passenger ferry for the run between Nanaimo and
17 Vancouver, the Princess of Vancouver, she is in
18 service now. There are two canallers for a shipping
19 company just recently delivered.

20 Now, this is more or less current. I am not
21 going back too far earlier, but that total, in
22 terms of having those same ships built in our own
23 yards -- and we have attempted to assess it on as
24 fair a basis as possible, would be 4,600,000 man
25 hours on those ships.

26 There is no doubt from Exhibit 5, which
27 indicates the variation in employment for the
28 last ten years, that there is a fall in employment
29 of skilled artisans and workmen.

30 MR. MUNDELL: 142, that is.



1 MR. BARRETT: I am sorry, Exhibit 142. If
2 one looks at the peak period shown here, it is
3 February 28, 1954, which is in effect the calendar
4 year 1953, you can see we have come down to about
5 60% of what the staff was at that time. In other
6 words, there has been a fall-off of about 40%.

7 THE CHAIRMAN: But you could not expect to
8 maintain in the post-war period an employment that
9 was a war-time employment?

10 A. No, that is correct, we would not
11 expect that, but based on what can be considered as
12 an average period, that is very hard to determine
13 because the shipbuilding business never seems to
14 have an average; we either have a feast or a famine
15 in the business, and that is due mainly to the fact
16 that we must find the business where we can, and
17 there is not the volume always present to have
18 available to us.

19 I could show you another statement here, which
20 I hand to you, not to explain but merely as a state-
21 ment^{that} at the peak of productive labour, and this,
22 I emphasize again, is the productive labour, was
23 figures shown here.

24 MR. MUNDELL: I guess we may as well mark it.

25
26 ---EXHIBIT NO. 144: Statement of peak employment
27 in Marine Department of
Canadian Vickers Limited.

28 MR. BARRETT: But this only shows one period,
29 one date. It will indicate to you that it really
30 was not a peak, the one shown in 1944 in



1 Exhibit 142 was not the peak, so that when I say
2 that the fall-off from 1953 does not represent a
3 fall-off from a peak, I agree with you that one
4 could not expect to keep the wartime period through
5 the post-war years.

6 MR. MUNDELL: The figure is 2,862, Mr.
7 Chairman.

8 MR. BARRETT: So that Exhibits 142, 143
9 and 144 show that whole story.

10 I would like to say, too, that employment
11 figures do not tell the whole story. When you
12 have a fall-off in employment, oftentimes you have,
13 shall I call it, a down-grading of skills, too.
14 That is, you do not always keep your best men
15 as might be presumed. Some of your best men may
16 go because there may be a particular skill or
17 trade that is no longer needed.

18 For instance, if there is no new building,
19 then your platers and your hull workers, who are
20 expert people, and many of your shipwrights, may
21 be laid off or let out; if there is no further
22 work, let out permanently, although you might be
23 still having to employ electricians and other
24 people to fit out ships.

25 So that I would like to emphasize that these
26 do not go down in a kind of even way as if pouring
27 water out of a pitcher. It goes down in sections
28 and we can and do lose skilled artisans and
29 workmen when there are few ship orders.

30 I do suggest to you strongly that the



1 continuation of this severe competition, the
2 differential in cost between Europe and here, that
3 severe competition could well bring about the
4 result that we have mentioned in paragraph 1 of
5 page 3 of the brief: that the facilities of the
6 company which we have described in considerable
7 detail, would be gravely impaired, probably to the
8 point of losing their effectiveness and efficiency
9 for practical shipbuilding purposes.

10 Now, I suggest at once, if it is recognized
11 as part of the defence policy of Canada, that in
12 another world war Canada's shipbuilding industry,
13 which includes our own yard importantly, must be
14 self-sufficient and self-contained and able not
15 only to reproduce but also to design and create
16 ships and accustomed and inured to the problems
17 which arise because of that, and capable of
18 performing those duties efficiently, no matter
19 what situation may arise -- and that, of course,
20 in turn, is also covered in the Shipbuilders'
21 brief -- the continuance of the present conditions
22 would certainly bring both strength of personnel
23 and something I have not mentioned before, through
24 obsolescence and physical deterioration by non-use,
25 the equipment and the plant to a state where we
26 would not be ready to cope with the situation
27 which is visualized in the Shipbuilders' brief
28 as a possibility, perhaps a probability, in the
29 event of another world conflict.

30 COMMISSIONER WICKWIRE: Mr. Barrett, I



1 have asked this question of several of your con-
2 freres in similar business. This might be as good
3 a time as any to ask you. What, in your opinion,
4 is the amount of men necessary to maintain an
5 integrated shipyard?

6 A. Our shipyard?

7 Q. Yes.

8 A. Well, Mr. Wickwire, I was going to
9 answer that later, but I think perhaps it is just
10 as well we deal with it here. I would like to say,
11 make a general statement about that, and then I
12 would like to call upon Mr. Thoman perhaps to
13 answer that question, because he has long years
14 of experience in the past as well as in this
15 particular respect, but as a general statement I
16 should say this, that that entirely depends upon
17 the task which we are asked to do at the time. I
18 do not say that to avoid your question, but I put
19 it that way, that if we visualize a situation or a
20 premise such as to-day, we can^{see} that such and such
21 might be done several years hence, we might be as
22 wrong as if we hadn't tried to assess that at all,
23 because the character and nature of the war, which
24 is dictated usually by the other side first,
25 because we cannot afford to be cursory with our
26 thinking, but it depends entirely on what the
27 enemy does and the area in the world in which he
28 does it, and the weapons he may use, as to what
29 we may be able to do. The variabilities are just
30 as great as that general description.



1 If it is a matter of trying to assess the
2 facility from the point of view of the present
3 conditions and perhaps from the point of view of
4 having to produce the ships we have to-day,
5 including the new destroyer escort, then that
6 might be a different thing. We might be able to
7 make some estimate. But certainly not from the
8 point of view of having to meet the conditions
9 which are visualized in the shipbuilders' brief,
10 that is, the kind of war and variety of ships
11 that no one has probably put on the drawing board
12 to-day. That is my answer to the question, but I
13 would like to ask Mr. Thoman to answer the
14 question of the number of persons, if you would
15 like to examine him on that. I am sure he would
16 be glad to assist.

17 MR. THOMAN: As Mr. Barrett described it,
18 it depends a great deal on what type of ship would
19 be called upon from the shipyards in an emergency,
20 but having to do with the operation of the
21 business we wanted to make some plan, and assuming
22 that in any emergencies it was D.E.'s that was
23 required, and assuming that they would be required
24 at the rate that the frigates were required, we
25 can make some estimates.

26 There is another problem that is involved
27 in the thing, and that is that you require so
28 many shipwrights, for example, and to employ so
29 many shipwrights efficiently you have to have so
30 many platers or so many loftsmen. There is a



1 relation between a number of people you should have.

2 My answer to that question is about 1,800
3 people, and my thinking is based on this, that it
4 would require -- when you buy a ship there are a
5 lot of components that come from other industries
6 that go into it, and it takes them a certain
7 length of time to get into operation to complete
8 a D.E. starting from flat, with our staff as we
9 have it to-day. Roughly 1,800 is the best that we
10 could do.

11 It would require a build-up of personnel, too,
12 we have a dilution problem. The best we could do
13 would be about 18 months.

14 In the event of hostilities you would, of
15 course, have a lot more than one to build. That
16 would be the first. It is hard to say, but based
17 on our experience last time we would be required
18 to produce one a month. The best time we did with
19 frigates was 26 frigates in 24 months including
20 lead time, so it worked out at roughly one a month.
21 The frigate we produced in World War II was about
22 a million man hours on the first one and we got
23 down to around 650,000 man hours for the last one
24 that we produced. That was the experienced skill
25 factor that entered into the production of the
26 thing.

27 The D.E., I don't know whether this is
28 secret or not, but this first D.E. has required
29 2,800,000 man hours of time. The difference
30 between these two ships -- they are similar in



1 outward appearance, very similar in size -- is the
2 complexity with which the inside of the ship has
3 changed, has increased. The ship has changed a
4 great deal in its concept, changed a great deal in
5 its duty, and those are figures as best we can
6 tell on the D.E., this is about the figure as best
7 we can tell, that is the way it worked out.

8 Now, assuming you would have to build D.E.'s
9 at one a month, say, then I think the best you
10 could do with a 1,800 man staff now, that is,
11 productive workers and staff, would be to build
12 up to about 4,000 employees in a year. I think
13 that would be about the best you could do, because
14 of the complexity of the skill and inter-
15 relationship that we require. That is about what
16 it is, that is my estimate anyway.

17 Now, at the end of 18 months, of course, we
18 want to have four or five of the ships, or probably
19 six or seven of them, in partial manufacture so
20 that they would be starting to build after the 18
21 months one a month. I would say by the second
22 year that you would require a staff of somewhere
23 around 14,000 people to make that schedule, and it
24 is doubtful whether, starting from scratch at 1,800,
25 you could build up at the end of two years to the
26 staff of 14 or 15 thousand people, even allowing
27 for a decrease due to the repetitive operation in
28 building the D.E. from 2,800,000 to around
29 2,300,000 man hours. Of course, those are all
30 figures in my own judgment, my opinion of what



1 would be required.

2 It would also require another conception of
3 shipyard. The biggest part of the work with the
4 D.E. is the outfitting trades, and I disagree with
5 Mr. Peck speaking about the electricians. On a
6 ship you have interference, the biggest problem in
7 having space for men to work. That is the
8 biggest problem and that is a necessity with regard
9 to a ship, in addition to their skills. Naturally,
10 taking a man from the Westinghouse Company (I used
11 to work there so I know something about it), take
12 a man from the Westinghouse Company and put him
13 on one of your D.E.'s, unless you set him at some
14 specific task, which is impossible to do -- we
15 can call him if we have broken a radar set and they
16 can come to work and fix that, maybe, but that
17 radar set may affect seven other radar sets in
18 various other rooms. As a matter of interest, on
19 that ship we had a high-powered radio-telephone
20 blow out all the radar sets, and we had all the
21 experts from the U.S. trying to find out why, as
22 soon as we turned on the high-powered radio, we
23 blew out all the others. With all our research
24 and with all the experts from Marconi, R.C.A.
25 and Westinghouse and others in the United States,
26 we had some difficulty trying to find that.

27 You have this problem of interference, that
28 is, pipes, water pipes, steam pipes, voice pipes,
29 electrical apparatus, air conditioning apparatus,
30 radar apparatus -- all those things to get through



1 in a very confined space: it takes a long time for
2 somebody to learn in what order they are going to
3 go, how they are going to go, and you cannot take
4 a man from industry, Westinghouse or anybody else,
5 and have them do it, from my own personal feeling,
6 without considerable training.

7 As proof of that, when we were converting
8 three World War II frigates to the modern version
9 of the frigate which we presented at sea, we were
10 overloaded, we were badly short of electricians,
11 we could not get enough electricians in our staff
12 and we could not expand it fast enough to give
13 the delivery that the Navy Department required
14 for the ships. When there was the Korean scare
15 we had started to build a new class of ship, to
16 design it, and we were caught flat-footed with no
17 ships that were serviced to modern vintage, and we
18 had to take World War II frigates and convert them
19 to the modern type of vessel. We were very short
20 of electricians and we just couldn't build it fast
21 enough, so we took one of the major electrical
22 contractors, gave him as a subcontract one of these
23 ships and said, "You take all the electrical work",
24 and Canadian Vickers had to move in there later
25 and finish that ship. It was impossible for the
26 fellow and he was a very skilled man, notwith-
27 standing the fact that the fellow does all the
28 work at Quebec for a subsidiary shipyard there;
29 and the reason he could not do it, yet he could
30 do it there, is that over the years, having



1 always wired their electrical work shown by a
2 drawing and following through what advice I had
3 been able to give him, he has not been able to
4 build up the experience and work force that can do
5 electrical work on ships.

6 THE CHAIRMAN: That has been a very detailed
7 explanation, but the fact remains that in your case
8 as in every other one the nucleus is pretty well
9 nearly exactly what is actually in the yard at the
10 present time. I don't believe for the whole thing
11 there has been a 10% variation, has there? You are
12 right on the dot.

13 MR. THOMAN: That is right, we are not dis-
14 puting it. It is the rate of change that is
15 bothering us, and from 1948, 1949, we were below
16 where we should have been.

17 THE CHAIRMAN: But we might interpret that
18 as saying you do not want to see a yard go one bit
19 smaller than it is now even though it is only be
20 maintained as a nucleus from which you can spring
21 into life at the time of emergency.

22 MR. THOMAN: Yes, because of the fact having
23 to balance the variation, we are down to the minimum
24 number of skills we can have with regard to blowing
25 it up at all.

26 THE CHAIRMAN: That might be the spot cause
27 you are now down to a minimum core of skills.

28 MR. THOMAN: That is right.

29 MR. BARRETT: I think that is exactly the
30 situation, having in mind the figure which you



1 mentioned includes the staff, architectural as well
2 as the yard people themselves.

3 It seems clear, gentlemen, that if with the
4 opening of the Seaway few, if any, ship owners
5 would then have reason to build ships in Canada
6 having regard to the price at which they can get
7 ships built in Europe and outside Canada in, say,
8 Japan or some other country that might develop
9 shipyards, we would lose the potential which
10 existed in the opportunity to build replacements
11 and additional tonnage to the laker and canaller
12 fleets. That is particularly important in the
13 light of this Commission's reference to the
14 Coasting Trade.

15 I was rather interested on Wednesday in the
16 estimate given by Mr. Lowery. If I am not mis-
17 taken, I think he said that there would be about
18 73,000 and some odd hundred deadweight tons avail-
19 able each year, if the fleet were to be replaced
20 in its normal condition having regard to the
21 probable life of the ships.

22 THE CHAIRMAN: For the first ten years.

23 MR. BARRETT: But he mentioned 73,000 as the
24 top figure.

25 THE CHAIRMAN: That is for the first ten
26 years which is replacement to catch up with the
27 old ships.

28 MR. BARRETT: I think that was it, but I
29 am not too sure. For the next ten years, that
30 is right, Mr. Chairman.



1 THE CHAIRMAN: There was something in your
2 brief which seems to imply that you would be in a
3 worse condition than any one else for that.

4 A. There is no intention to so imply. I
5 said we would be particularly vulnerable, I think
6 was the expression.

7 Q. All right, let us use that. You are
8 a thousand miles away from the sea and you are right
9 on the main channel of the St. Lawrence. Wouldn't
10 that put the repair part of your business in a very
11 advantageous position? Probably more ships will be
12 going through the narrow water right in front of
13 this port than anywhere else.

14 A. One might think so, Mr. Chairman, if
15 our assessment is correct that there would be more
16 traffic going through the St. Lawrence Seaway, but
17 there are two things that militate against that.
18 The first is that if these ships are on U.K. registry
19 and presuming the present laws were not changed and
20 they have the advantage, except for emergency
21 repairs I can assure you that if they follow the
22 pattern that all ships do to-day that are registered
23 out of Canada, they will take those ships to their
24 home ports if they can. The amount of business
25 we get in the repair side to-day -- I don't know
26 whether I can give you the percentage, but most
27 of it arises from Canadian canallers and ship
28 owners.

29 MR. THOMAN: Emergency repairs -- it is
30 impossible to move them out of the yard.



1 MR. BARRETT: It is only emergency repairs
2 and Canadian registered ships.

3 THE CHAIRMAN: How much of the repair work
4 is represented by the emergency repairs such as we
5 saw in the Sungran?

6 MR. BARRETT: You saw an outstanding example
7 which we would not get.

8 MR. THOMAN: The Sungran is about 80% of 50%
9 of the total repair work we have had this year.
10 Figure it out this way. The Sungran runs into
11 roughly \$200,000 worth of damage and we had \$400,000
12 of sales on repair work prior to the Sungran coming
13 into the yard. So it is about 80% of 50%, that is
14 allowing me two weeks for what little work we have
15 done in between.

16 MR. BARRETT: You saw a major job, Mr.
17 Chairman.

18 MR. THOMAN: That is the only major repair
19 we have had this year.

20 MR. BARRETT: Ship repair in the last few
21 years has remained at a fairly steady level, in
22 the last five years. It is up one year and down
23 the next, but you can draw a fairly level line
24 through the ship repair business as far as level
25 is concerned. You were probably fortunate you saw
26 the Sungran because it is illustrative of the
27 fact that we do not get too many ships that are
28 not registered in Canada in our yard, unless it is
29 an emergency job of that kind. To answer your
30 first question, those ships are taken to their



1 home ports and sometimes the permanent repair, even
2 though it is a bad one, the repair is not made in
3 this country: it is merely patched up, if I can
4 use that expression, until it can be taken home and
5 refitted.

6 I think it is impossible to determine the
7 pattern and extent of the Coasting Trade after the
8 Seaway is open, but we feel, as do the other
9 shipyards, that this tonnage which I have
10 referred to, if Mr. Lowery is in any way right,
11 this tonnage, as well as any tonnage which might
12 develop (because, as I have just said, it is
13 difficult to visualize) we may be low on tonnage
14 and that represents only replacement tonnage in the
15 Great Lakes fleet, as I understand it. Any other
16 tonnage that may become available would provide us
17 with a potential of business, and this tonnage
18 might be vital in maintaining the difference between
19 an efficient and effective shipyard capacity
20 handling the demands of war and a weakened
21 organization unable to meet the emergency.

22 There is one point, too, Mr. Chairman, I
23 think I should emphasize. Perhaps in the broad
24 examination of the question from a national point
25 of view, it may not be important in the general
26 economics since it is more adjustable, but so far
27 as our own yard is concerned, in this community
28 there would be considerable distress, as I have
29 pointed out, arise and which we anticipate will
30 continue by the reduction of work available to us,



1 assuming that the present law is not changed at that
2 time, and it is progressively reducing at the present
3 time.

4 The cumulative effect on the City of Montreal
5 through loss to the shipyards is hard to visualize,
6 because there are many firms in Montreal who supply
7 us and supply other shipbuilders. For instance,
8 we have 410 people who supply us with naval natures,
9 that is, the supplies to naval shipbuilding, and
10 we have 250 others on the marine side, making
11 about 660 suppliers. I don't know how many are
12 located in Montreal, but quite a number. Certainly
13 if all the shipyards have the same experience we
14 would have and are having, then too there would be
15 a cumulative effect on the people who supply these
16 materials and equipments.

17 THE CHAIRMAN: Well, we heard in the West
18 that that would be a very good thing, if you and
19 your employees are in an inefficient industry, then
20 it would be better for Canada if you got out of it
21 and got into one in which you can be efficient.

22 MR. BARRETT: Well, of course, if that
23 principle were applied throughout, it would have
24 a very strange result on our economy.

25 THE CHAIRMAN: I don't think it would.
26 Strange? Unusual.

27 A. Unusual, perhaps.

28 Q. Bad?

29 A. I am not an economist.

30 Q. I was about to use a homely example



1 that we do not do much to try to maintain the
2 buggy industry in Canada, also.

3 A. No, there was a substitute for buggies.

4 Q. There is a substitute for your ships.
5 I mean, I am leaving the defence argument and the
6 availability argument aside. Consider it purely
7 on employment of manpower. There is a substitute
8 for your ships, U.K. ships.

9 A. Yes, which are preferred under the
10 present law.

11 Q. How preferred?

12 A. Preferred in terms of being able to
13 operate in the coasting area of Canada as against
14 any other ships except Canadian ships.

15 Q. Yes, all right, and as against
16 Canadian ships they are simply put on equal
17 position. Any preference they have over Canadian
18 ships is the result of ---

19 A. Of costs.

20 Q. Cheaper production?

21 A. That is right.

22 (Page 4238 follows)
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1 Q. Now, if your only argument is if your
2 men will not work at that, and it is all a question
3 of wages -- every time you turn around you are on
4 wages of either first, second or third level -- if
5 your men won't work at those wages in Canada because
6 they demand a higher standard of living, let them
7 work at what they can earn a higher standard of
8 living from. That is apparently the argument I
9 heard in the West.

10 A. Yes, that argument has been advanced
11 by many.

12 MR. THOMAN: Can I speak to that? One of
13 the biggest competitors for labour that we have in
14 this country are the aircraft industries, because
15 for the most part our aircraft do come out of the
16 work that is coming from Canadians and being paid
17 for by the tax dollar, the aircraft industry. We
18 can buy airplanes in England half the price we can
19 buy them in this country. I am guessing, but
20 something of that order. We can buy airplanes in
21 Italy for half the price we can buy them in this
22 country. We can buy them in the United States,
23 I would think, for about 75 or 80 percent of the
24 price we can buy them for in this country.

25 That is one industry, and I am not singling
26 them out by any means, but they are one industry
27 that is bidding up the value of labour that is
28 making it much more difficult for us as shipbuilders
29 and engineers to employ labour and competing in
30 the general market.



1 On your reference, Mr. Chairman, to buggies,
2 we have the big General Motors plant at Oshawa. Mr.
3 McLaughlin was a buggy and bicycle manufacturer and
4 he has carried on over the transfer from buggies to
5 automobiles under the protection of a tariff.

6 THE CHAIRMAN: Then you are simply asking to
7 continue and multiply uneconomical procedures. I
8 don't know whether there is any virtue in multiplying
9 your previous mistakes. Again I am speaking as if
10 I was speaking for the Commission in Winnipeg. I
11 am not implying that that is my opinion at all. I
12 have yet to form it.

13 MR. BARRETT: Mr. Chairman, I think there
14 may be one other aspect of this. It is very hard
15 for some Canadians, because perhaps they are far-
16 removed from the particular aspects of the situation,
17 to appreciate that Canada is a maritime nation.
18 A good deal of its foreign trade, its imports and
19 exports, must come across the seas. It is very hard
20 for a Western farmer to see that.

21 THE CHAIRMAN: I suggest to you that that
22 is the first thing they appreciate, because they
23 tell you that they raise their crops chiefly for
24 the foreign market, so that if there is anyone who
25 appreciates the fact that Canada has to sell her
26 crops across the Atlantic Ocean, it is the farmer
27 in the West.

28 A. Then the farmer would be interested
29 in having, surely, a healthy shipping operation
30 between Canada ---



1 Q. Well, those are the arguments I ruled
2 out because I was only considering the ones you are
3 putting up in the terms of defence or availability. I
4 suggest you would be on much stronger and firmer ground.

5 A. We would have said, too, immediately,
6 but for this last point, that the real reason, the
7 real argument so far as the maintenance of the ship-
8 yards in Canada is concerned on an effective, healthy
9 basis, has to do mainly with the question of national
10 defence, but since these other questions were asked
11 one must needs answer, but the real reason is be-
12 cause of national defence grounds.

13 I would point out, sir, that under present
14 laws, and you have had this repeated to you a number
15 of times but perhaps we can stand one more repeti-
16 tion of it, that shippers registered in the United
17 Kingdom, whether British-built or foreign-built
18 will, from evidence given before this Commission by
19 ship operators, be able to operate in the Canadian
20 coasting trade at costs much less than those built
21 in Canada and on Canadian registry. Now, under
22 the British Commonwealth Shipping Agreement --

23 Q. You are simply debating the argument
24 made by the ship operators.

25 A. That is right, which is the argu-
26 ment the Canadian shipbuilders as well carry in
27 their brief.

28 Q. Do they want to add anything more
29 to what they have heard from the ship operators?
30 Are you going to tell us which ship is going to be



able to operate through ---

1
2 A. No, I don't know any data concerning
3 ship operation and I think I would be attempting to
4 deceive myself as well as the Commission to put my-
5 self forward as a witness in that regard; but under
6 the Commonwealth Shipping Agreement United Kingdom
7 shippers are permitted to trade in Canada's coast.
8 If the ships are built in the United Kingdom they
9 enter the coast duty-free. If the vessels are built
10 in foreign countries and placed on British registry,
11 they can trade in Canada's coast upon payment of a
12 duty of 25 percent and they do not require to regis-
13 ter them in Canada. The United Kingdom-registered
14 ships have the right under the Canada Shipping Act
15 to trade in the Canadian coast. Section 22 of
16 the Act requires the consent of the Minister of
17 Transport before a ship built outside of Canada can
18 be registered in Canada, and I make this point be-
19 cause there may be some misapprehension about it,
20 that the U.K.-registered ships do not have to be
21 registered in Canada to trade in the Canadian coast.

22 Now, I have an example here, I have an un-
23 official statement I would like to submit to the
24 Commission, which follows this, that Section 22 --
25 and this is what I would like to underline -- that
26 Section 22 does not have the effect of discouraging
27 foreign-built U.K. ships coming into the Canadian
28 coasting trade. The entry into the coasting trade
29 does not depend upon the registration, Canadian
30 registration.



1 THE CHAIRMAN: They have to first get on
2 British registry and then go into the Canadian coast-
3 ing trade, but they do not, when they go on British
4 registry, have to pay any duty to England, but that
5 duty is only payable when they go into the Canadian
6 coasting trade.

7 A. Yes.

8 Q. There is no duty on registration in
9 England.

10 A. No, but under Section 22 that does not
11 affect their entry into the coasting trade. It is
12 only if they wish to register that the Minister must
13 give his consent.

14 Q. Section 22 is not aimed at the Canadian
15 coasting trade at all; it is aimed at entry on the
16 Canadian registry.

17 A. Yes.

18 Q. To get into the British registry they
19 have to be either British citizens or become the
20 property of a company incorporated, so that the
21 total cost might be letters patent.

22 A. I have a couple of examples that are
23 not examples of foreign-built U.K. ships but which
24 are U.K.-built ships, which illustrate the point,
25 since you have put it, Mr. Chairman. I don't
26 know whether they will be helpful. We might as
27 well submit them to you. They are confidential
28 because the examples given are of certain ships
29 which have been purchased and are classed as confi-
30 dential, and which I would like to offer the



Commission if they will so regard it.

MR. MUNDELL: I don't know whether we mark confidential statements or not.

THE CHAIRMAN: They do not get an exhibit number.

MR. BARRETT: They are so marked, they are not exposed. I should like to emphasize, Mr. Chairman, that the proposal to restrict the coasting trade is a domestic matter and would not interfere with international voyages. That has been repeated, but again I would like to underline that.

I would also like to say that, if we cannot continue to operate effectively in time of war as might be anticipated on any basis that might be demanded of us, the damage to the business fabric of the company resulting from the operation of British ships in the coastal waters, under present laws, the damage to the business fabric of the company could result in dire consequences to us.

(Page 4244 follows)



1 I think I need perhaps not repeat the British
2 Admiralty estimate given in evidence on Wednesday
3 as to the strength of the Soviet Navy as an
4 important contribution as to whether what we have
5 stated in so far as demands being made upon us
6 in the event of war appears to be an exaggeration
7 or a practical picture of the real possibility.

8 At the moment our industry is without
9 protection or subsidy, which is not the case with
10 most other industries in Canada. The question is
11 not can we do the job as cheaply as possible,
12 I submit, Mr. Chairman, but whether we can do it
13 as efficiently and as effectively as possible.

14 THE CHAIRMAN: Q. What does the word "efficiently"
15 mean? Surely in the matter of efficiency,
16 cheapness is one of the objectives?

17 A. Yes.

18 Q. A Rolls Royce automobile is very
19 efficient but it is within the reach of very few?

20 A. That is true. Efficiency, Mr.
21 Chairman, in terms of a proper procedure,
22 an acknowledged procedure in shipyard building,
23 is one which produces the highest production
24 in the time allotted to the various operations.
25 That is one definition of efficiency. There are
26 others. Cheapness in this case, of course,
27 we are referring more to our ability to
28 produce ships that are of a proper quality,
29 of the expected quality, in the best possible
30 time with the best possible workmanship. That



1 is what we are speaking of as efficiency.

2 I would like to emphasize that the laws, the
3 present laws, in the result protect the United
4 Kingdom builder and not the Canadian builder because
5 they have more opportunity to build ships for
6 companies operating in the coasting trade. And
7 we feel the new construction of the coasting
8 fleet, whether it be Great Lakes or in any other
9 respect, should be just the new construction
10 needed to keep the coasting fleet alive. And,
11 therefore, we think -- and we are convinced --
12 that the situation is as serious as described,
13 and if you are convinced that that is so, and that
14 a remedy is required, we submit that our
15 recommendation might well enable ourselves and
16 other Canadian shipyards to maintain the degree
17 of efficiency, readiness and capacity which would
18 be so essential to Canada in the event of a
19 future world conflict.

20 I suggest that new ship construction of
21 coasting vessels could well make the whole
22 difference between health and fatal disease in
23 the case of the shipyards because if we pattern
24 it on appreciation only of what is available,
25 even on Mr. Lowery's evidence for the first
26 ten years, we may be entirely erroneous as to
27 the amount of coasting trade, and the shipping
28 available in the coasting trade may be at a
29 much more increased scale than is visualized
30 in his estimate.



1 THE CHAIRMAN: Q. What is going to happen to
2 a great many large American ore carriers when the
3 Seaway opens? When they are worn out what are they
4 going to do?

5 A. I don't follow you, Mr. Chairman. What
6 are the ore ships going to do, do you mean? They
7 will be worn out. Are you speaking of the
8 Mesabi Range being worn out?

9 Q. The Range is worn out, not the ships.
10 There are dozens of huge ships going up and down.
11 You can stand on the main street of Windsor and
12 see them any day.

13 A. That is true.

14 Q. Aren't those ships going to go into
15 international traffic from Seven Islands to
16 Cleveland?

17 A. Or from Steep Rock to Cleveland.

18 Q. Do you think that Steep Rock will take
19 up a considerable portion of what is now going
20 from Superior?

21 A. I have no knowledge of the amount
22 coming out of Steep Rock.

23 Q. Well, Steep Rock is shipping this year
24 two million tons. It is one of the biggest
25 potential producers. I think there are still
26 three companies not yet in production. I
27 suggest to you that some of that may be taken
28 up by the American carriers, most of which are
29 owned by the steel companies. Now, why shouldn't
30 they be turned from the one run to the other?



1 A. I see no reason why they can't but,
2 as I understand it, they are American flag ships
3 and to operate in the coastal trade in their waters
4 they must be built in the United States.

5 Q. What I point out is that they are in
6 existence and, therefore, you cannot count on
7 building up for the ore trade in your Canadian
8 shipyards?

9 A. You may be quite right, but that
10 demonstrates one thing, that it is very hard to
11 visualize the whole pattern of the coasting trade
12 when the Seaway opens up. That may be quite
13 possible but they in turn will wear out. As far as
14 the amount of traffic they may take from, say,
15 Seven Islands to say the furnaces at Gary or any-
16 where else or to Hamilton---

17 Q. Twelve millions, I believe, is the best
18 estimate we have heard yet, ten to twelve million.

19 A. I didn't know what the estimate was,
20 I hadn't seen it, but it is quite possible that
21 they will take some of that trade up, perhaps
22 a good deal of it. But there is other trade, as
23 well as the ore trade, the grain trade.

24 Q. Well, that is where they are at a
25 disadvantage. The second leg is in the Canadian
26 coasting trade?

27 A. Yes. If what we suggest is insuf-
28 ficient, that is the amendment to the present
29 coasting laws, we would certainly be the first to
30 tell the Government.



1 Q. I imagine so.

2 A. For these reasons, Mr. Chairman, we
3 again urge that the Commission recommend in its
4 report that the Canadian coasting trade be reserved
5 to ships registered and built in Canada.

6 THE CHAIRMAN: We will have a ten-minute
7 recess.

8 ---A short recess.

9 ---

10
11 MR. MUNDELL: Mr. Chairman, we have arranged
12 that I will address the questions to Colonel
13 Barrett and he will refer them, if necessary,
14 to one or other of his advisors.

15 Also I should explain that the Commission
16 has decided to send a questionnaire to all the
17 shipbuilders and, consequently, questions of figures
18 and very detailed information of that kind I don't
19 propose to ask any questions on today. We have
20 found that it has been rather unfair to ask anyone
21 to give a series of figures over a period of
22 some years on short notice.

23 A. It would be a rather fast ball, Mr.
24 Mundell, today.

25 Q. So if I might confine myself largely
26 to questions of general matters, some of which I
27 must say I have already covered, another question
28 I was going to ask you was as to your forecast
29 for the future. Really, practically, in your
30 presentation and brief you have dealt with most



1 of the questions I have in mind. I would like,
2 if I might, to deal with the proposals, firstly
3 the proposal you put forward where you have taken
4 the view that the coasting trade should be confined
5 substantially to Canadian-built and registered
6 vessels with the qualification of the transitional
7 change-over. That is what you say?

8 A. I do.

9 Q. Why would you not take the view or
10 propose that a subsidy be paid, a construction
11 subsidy be paid? Would that not meet your
12 difficulties without involving the operating
13 side in this restriction?

14 A. I suppose it would in terms of equalization
15 but there are one or two observations that I think
16 might be made about subsidy.

17 Q. I wish you would make them.

18 A. First, and these are purely my own
19 opinions, it seems to me that a subsidy could
20 easily be altered by a mere budget announcement
21 in the House and it may be difficult in, we will
22 say, a year in which finances are an extremely
23 critical matter with the Federal Government.
24 They might be looking around for places to save
25 money and it would be quite easy to chop the
26 subsidy off. Whereas where you amend legislation
27 and provide for certain rights which have been
28 established, such as the British Commonwealth
29 Shipping Agreement, suggesting an amendment be
30 made to that would require a conference of the



1 other Commonwealth nations, I suppose. But once
2 that is done it is of more solid effect and probably
3 less subject to change, may I suggest, than the
4 awarding of a subsidy.

5 COMMISSIONER WICKWIRE: But if it were for
6 defence purposes they would be unlikely to cut it
7 off, if that were the reason.

8 A. I would say Yes, because I am sure our
9 Government is quite aware of the importance of
10 defence matters but on the other hand if that did
11 not seem to be, the importance of defence was not
12 in the front of their minds, it might be a way
13 in which it could be done.

14 Now, I would feel hopeful further that the
15 annual replacement of the demand for the tonnage of
16 ships now engaged or which in future may be
17 engaged in the Canadian coasting trade might well
18 provide perhaps a major enhancement of opportunity
19 to obtain new ship construction orders. Then, of
20 course, there would be the Naval and Government
21 ships additional to that. That is, the combination
22 might well provide the very opportunity we need
23 to maintain an effective staff which would be
24 capable of meeting an emergency in time of need.

25 MR. MUNDELL: Q. You mean under a subsidy?

26 A. Oh, no. I meant by change of the law,
27 as we suggest, we might get that opportunity.

28 Q. Well, if a statute were passed making
29 a standing appropriation it would have the same
30



1 immutability that a statute restricting a trade
2 would have. I mean it is not something that could
3 be done by an amendment to the Taxing Act. It would
4 have to be a separate step taken. Do you think
5 there is really any validity to your objection that
6 it would be more changeable?

7 A. Well, Mr. Mundell, I trust the
8 Commission would not feel I am presumptuous but
9 I am going to say something. If I get my ears
10 pinned back, all very well. I would feel this way
11 about it, that if the Commission could so draft
12 its report as to be sure of persuading the
13 Government to take care of defence needs, vis a
14 vis, the shipbuilding question adequately, by means
15 of a subsidy, I would probably be quite happy about
16 it. But if the Commission could not be certain
17 that they could persuade the Government to safe-
18 guard us in this very vital particular by means
19 of a subsidy, then I must return to my original
20 suggestion of urging the reservation.

21 THE CHAIRMAN: Q. When you say "safeguard us",
22 do you mean safeguarding Canada or the shipbuilding
23 industry?

24 A. I was referring to the safeguarding
25 of the shipbuilding industry on the basis suggested.

26 Q. Then it is a measure of protection of
27 the shipbuilding industry rather than a measure of
28 defence protection?

29 A. One goes hand in hand with the other,
30 in our view. That was the nub of the whole



1 suggestion I made earlier.

2 Q. From the beginning I have been trying
3 to pick out what information we have which will
4 entitle us to say that it is vital to Canada's
5 defence of the next war to have a shipbuilding
6 industry of a certain size and characteristic
7 when there has not been anybody able to give us
8 even the slightest scintilla of an idea of what
9 the next war will involve. And we have had
10 statements from people who have been in pretty
11 responsible positions that the next war might
12 involve all of a 15-day battle.

13 A. And it might involve 15 years.

14 Q. It might all be over in 15 days and,
15 as you say, it might involve 15 years. Under those
16 circumstances how can we draft a recommendation
17 to the Government based on national defence?

18 A. Well, Mr. Chairman, as I have said
19 before, I do appreciate that it is a most difficult
20 thing. The shipbuilders have suggested, however,
21 that rather than go to the Government in the very
22 practical matter of a subsidy, that if the
23 coasting laws were changed we certainly would have
24 that opportunity, perhaps a major opportunity --
25 we would be hopeful of it; some of the tonnages
26 indicate that -- of standing on our own feet
27 without having to ask for any assistance from
28 anybody. Now, if it does not result in that---

29 Q. Now, you are not in the defence
30 argument; you are in another field. I suggest



1 to you there your feet are on much sounder ground.
2 You are talking about an integrated Canadian
3 transportation industry?

4 A. Yes.

5 Q. Able to provide transportation for
6 Canadian goods no matter what happened in the rest
7 of the world, whether it be war or other emergency
8 or whether it be more profitable somewhere else.
9 That is the other phase of your argument?

10 A. Yes, Mr. Chairman.

11 Q. And that does not entail any estimation,
12 conjecture or perhaps, to be honest, a wild guess
13 as to what would be necessary for defence in the
14 event of another war?

15 A. We do know, Mr. Chairman, as to the next
16 war, if the last one is any criterion, the
17 possibilities.

18 Q. Surely it is not a criterion. That is
19 my worry. Nobody has ever been able to say that
20 the last war is any criterion as to the next one.
21 Several things have happened since that have made
22 even the most modern of your weapons at the end
23 of the last war very old fashioned indeed?

24 A. That is quite right, Mr. Chairman.
25 The type of construction we might be called upon
26 to build is anybody's guess. The latest vessel
27 we have off the ways may be completely obsolete
28 today in terms of what we may know five years
29 hence.

30 Q. They may never even have an opportunity



1 to get down to salt water?

2 A. That is possible. However, I do suggest
3 there is a risk that any war might not end within
4 15 days and it might be 15 years. Any man would be
5 very brave indeed to make a prediction.

6 Q. It has been publicized in the papers.
7 That is no secret.

8 A. You mean as to the shortness of time?

9 Q. Yes.

10 A. Well, I remember reading in the American
11 papers before the last war a story -- I hope I don't
12 burden you with it -- but it was something to the
13 effect that the dictator in Rome could push a
14 button and the man in Washington could push a
15 button and the two air fleets could leave the
16 respective capitals and the one pushing the button
17 first would have the advantage, and the war would
18 be over. However, the last war did not take that
19 pattern. I think it is very risky for us to plan
20 in terms of a 15-day war. And even if that were so,
21 I think it is still valid that we must take the
22 necessary steps in this country to ensure, whatever
23 basis the war is on, we don't go on the basis that
24 it is only going to last so long and there will be
25 complete destruction. I think we must take the
26 view that this is a fundamental and essential and
27 vital defence work.

28 If we can get enough business out of the
29 civilian commercial shipbuilding which may arise
30 from the availability of such tonnage, should the



1 coasting laws be closed, we would be very happy
2 about it. And some idea of minimum efficiency
3 has been given. I don't know how it may turn out
4 to be, how our industry will be, but we are
5 endeavouring to help the Commission in that regard.
6 If it does not turn out right it would be just a
7 bad guess. However, we would tell the Government
8 in that event. But, in any event, our purpose in
9 mind, is, as far as possible, to make this industry
10 and this company of which I am president, at least
11 efficient in terms of what we may be required to do.
12 We hope it could be kept alive by these other
13 methods. If it cannot be, some other method may
14 have to be used.

15 THE CHAIRMAN: Q. What you say, in fact, then
16 is that a conservative estimate of defence
17 personnel is the personnel necessary at the end
18 of the last war plus what you have learned by
19 way of increased man hours needed on the com-
20 plication of modern ships?

21 A. If I understand you correctly, the
22 answer is Yes. If I were Mr. Tilley -- I remember
23 him saying something to a junior, one time, if
24 he didn't quite understand it, he would say
25 "Perhaps so and perhaps not."

26 THE CHAIRMAN: Very well. Proceed, Mr.
27 Mundell.

28 MR. MUNDELL: Q. I was coming to the point
29 now of on which basis you rest your request. You
30 put it on both defence and the integrated



1 transportation system? You put it on both grounds,
2 do you?

3 A. The main basis of our request is
4 defence. That is the main basis of our request.
5 It is the same basis as the Ship Building Association
6 have put forward in their brief. I am suggesting
7 on the other ground there is the possibility that
8 we may be able -- and it is a strong probability --
9 that we may be able through the availability of
10 tonnage to keep ourselves in the position to be able
11 to meet that defence requirement, but the
12 fundamental point is that we must be ready.

13 Q. I was going to ask you this, if it was
14 a question of the essential link in our trans-
15 portation system, it would not be necessary that
16 the vessels be built in Canada. It is just that
17 they be registered here?

18 A. I did not catch the meaning of that
19 question.

20 Q. If the matter is one of having a
21 Canadian Lake Fleet, for example, as part of our
22 transportation system, it would not be necessary
23 that the vessels be built here, it would be
24 sufficient they are registered here, would it
25 not? So that argument really does not help you
26 at all?

27 A. Oh, if you isolate that one question,
28 that may be quite so, if you isolate that one
29 question.

30 Q. So really it comes back to defence?



1 A. It must be tied back to defence, and
2 defence must be tied back to a healthy shipbuilding
3 industry, and the only way we can get a healthy
4 shipbuilding industry against foreign competition
5 is to build ships in Canada.

6 Q. So really the argument for your shipyard
7 and the others is defence?

8 A. That is the main argument. The other is
9 method.

10 Q. Pardon?

11 A. The other may be called method, perhaps.

12 Q. I have asked you about the matter of
13 subsidy. I do not think we had quite finished
14 that discussion. If it was a subsidy that did
15 equalize, do you think that would be satisfactory?
16 You think that would be satisfactory but would not
17 be as secure as the other method of help? Would
18 you anticipate any difficulties in administration
19 and, if so, can you indicate any you can see as
20 a shipbuilder?

21 A. Yes, I believe where there has been a
22 subsidy paid, and here I speak entirely from
23 hearsay, there have been administrative difficulties
24 in operating subsidies.

25 Mr. Thoman, do you have any information
26 on that point?

27 MR. THOMAN: Yes, the subsidy grants that are
28 made in the United States, they have great
29 difficulty trying to determine what is a bid
30 from another country and the other countries



1 soon found out that the United States was taking a
2 difference between a fair and reasonable bid it
3 would accept and what it would cost in the United
4 States as a subsidy and, therefore, refused to
5 either quote or alter their prices. So that it
6 became a matter of being ridiculous. The United
7 States had to set up a fact-finding mission to go
8 all over the world to find out how much it cost to
9 build ships. How they did that I don't know. It
10 was very unsatisfactory. It is an administrative
11 problem, to find out what the cost is in these other
12 places.

13 Q. I suppose even bids by Canadian shipyards
14 on one vessel would vary widely?

15 A. It is possible. As a matter of fact,
16 our company were able to bid on ships for the
17 United States some years ago but then the doors
18 were closed. As far as between Canadian shipyards,
19 of course, there are variations.

20 Q. And you would get a wide variation in
21 foreign yards?

22 A. Yes.

23 Q. So the problem would be to figure out
24 how to fill the gap between all these variables
25 on both sides?

26 A. That is right.

27 MR. THOMAN: Plus the fact that the next time
28 foreign yards won't bid.

29 Q. You would have to go to an arbitrary
30 basis in the end?



1 A. Yes. Mr. Mundell, it takes money to
2 prepare bids. It takes a staff. It takes
3 estimators. If someone bids and finds that the door
4 is closed, if a shipbuilder bids and finds the door
5 is closed, and he knows the door is going to be
6 closed from there on, he probably won't bid the
7 next time.

8 be
9 Q. What would the cost of estimating or
10 putting in a bid on a vessel like the one that is
11 going around the West Coast cost?

12 A. The "Rogers"?

13 Q. Yes. How much would the cost of
14 estimating be?

15 A. You mean in our yard?

16 Q. Yes.

17 A. Because every yard has a different
18 method of handling this.

19 Q. Just give us the order of the figure?

20 A. I won't give you the cost in our yard
21 because I think that would be too much information
22 to Mr. McLagan over here. He might take advantage
23 of it. I don't think he would really. He is a
24 very nice fellow. But it could be.

25 As an average cost, what would you think,
26 Mr. Thoman?

27 MR. THOMAN: About \$2,500.00.

28 MR. BARRETT: Now, Mr. McLagan might not
29 agree with that. That is not our cost. We
30 just estimate that it might cost that much.

 MR. THOMAN: That is a relatively simple



1 ship. That is a very simple ship.

2 THE CHAIRMAN: Q. Which ship?

3 MR. BARRETT: The "Rogers", the one going around
4 the West Coast. It is relatively simple as compared
5 to other ships.

6 Q. As compared to other cargo ships?

7 A. Not necessarily other cargo ships but
8 to ships we might be called upon to build.

9 Q. You were considering civilian ships,
10 weren't you, Mr. Mundell?

11 MR. MUNDELL: Yes.

12 MR. BARRETT: Oh, there are much more complicated
13 cargo ships as well. That particular one is a
14 pretty simple ship.

15 THE CHAIRMAN: We heard about it on both sides
16 of the Continent.

17 MR. BARRETT: I'm sure you did.

18 Now, on the question of United Kingdom
19 registered ships I have here an extract from the
20 1950 session of the House of Commons, the
21 Standing Committee on Railways, Canals and
22 Telegraph Lines, dated June 20, a Tuesday,
23 which refers to Section 21A of the Canada
24 Shipping Act -- that is now Section 22 of the
25 Shipping Act -- and it appears to give the
26 reasons or the reason put forward at that time
27 for the inclusion of that Section in the Act.
28 I thought it might be of interest to the
29 Commission. I have only the one copy.

30 MR. MUNDELL: I suppose it would be



1 satisfactory, Mr. Chairman, to file it? Or do you
2 wish me to read it?

3 MR. BARRETT: I think I would prefer -- well,
4 it is three pages -- I would just as soon file it
5 and have the Commission read it themselves.

6 ---EXHIBIT No. 145: Extract from the 1950 session
7 of House of Commons Standing
8 Committee on Railways, Canals
and Telegraph Lines.

9 MR. MUNDELL: Q. Now, those are your reactions
10 to the subsidy. What would your reactions be to
11 a tariff that would protect you, afford you with
12 sufficient protection but leave some small element
13 of competition from the foreign yards to keep the
14 Canadian shipyards in line?

15 A. I should think that perhaps from the
16 point of view of the Canadian public a tariff
17 would have to be of such a size that it is probably
18 out of pattern with the balance of any other tariff
19 rate. I don't know. You mean should I be able
20 to estimate it, the amount of the tariff?

21 Q. You were asking for an absolute exclusion?

22 A. Yes.

23 Q. Now, a tariff that could be calculated
24 as reasonable protection, or adequate protection,
25 but still be not a total exclusion -- I mean there
26 would be some court of appeal in a sense -- what
27 do you think the tariff would have to be?

28 A. Well, we know pretty well that ships
29 built in Britain cost in the area of about 65
30 per cent of Canadian shipbuilding costs. In



1 other words, I think Canadian shipbuilding costs
2 are probably 50 per cent more than British costs.

3 Q. You think it would have to be of the
4 order of 50 per cent?

5 A. Well, you would have to relate that in
6 terms of just what you are doing. If it is on top
7 of British costs -- I would have to think about
8 that one, Mr. Mundell, but those would be the
9 differences. The Canadian costs are 50 per cent
10 higher than British costs.

11 THE CHAIRMAN: Q. You heard the brief of the
12 C. N. R. which we have just finished considering?

13 A. I did not hear that, Mr. Chairman.

14 Q. Their recommendation was that there be
15 a tariff on U. K. ships of the amount of the
16 differential between the U. K. cost of construction
17 or the U. K. price and the price in Canada. Now,
18 you say that would be a duty of 50 per cent on the
19 U. K. price?

20 MR. MUNDELL: Q. And I suppose it might be
21 higher in the case of other countries?

22 A. Yes, of course.

23 THE CHAIRMAN: Q. The rest of the recommendation
24 continues that the rate for other countries should
25 that
be/amount plus 25 per cent?

26 A. It gets ^{be} to/a very high rate in the case
27 of Japan. It gets to the point where the tariff
28 is in effect legislation such as we are suggesting
29 be excluded.

30 MR. MUNDELL: Q. You are coming right



1 out in the open?

2 A. Sure. There is no doubt about it. If
3 you get to such a high rate that it is no longer
4 a tariff but an exclusionary thing, can it be called
5 a tariff? I don't know.

6 THE CHAIRMAN: Q. You see, the political
7 theory behind it -- political in its broader sense --
8 if you had a nice high wall so that nothing could
9 get over it, the variation between your costs and
10 the U. K. costs certainly would tend to diminish
11 because you would not have the competition against
12 the Canadian shipbuilders as a group?

13 A. Yes. I think, Mr. Chairman, that is
14 what has been said before in connection with some
15 tariff items. I have heard it said, and I am sure
16 we have all heard it said, that "They are hiding
17 behind a tariff wall." It does not seem to be a
18 very popular thing today.

19 MR. MUNDELL: Q. Do you mean this proposal
20 might be chosen as being politically more
21 acceptable?

22 A. Oh, no, not at all. It was chosen as
23 being a practical matter. We did not discuss it
24 at all in our discussions. We were not thinking
25 of protection at a rate perhaps much greater
26 than any other Canadian industry enjoys. We were
27 not considering a tariff. We were hopeful we
28 would not have to ask the Government for anything
29 more than the exclusion in the coasting law to
30 permit this tonnage to be built in Canada.



1 Q. I suppose there was not anything more you
2 could ask?

3 A. That's right, but we must not overlook
4 the fact that Britain is the only one that is
5 assisted by this. Every other nation is excluded.

6 THE CHAIRMAN: Q. Would you like to have the
7 Canadian coasting trade subject to the inroads
8 of other nations and particularly the subsidized
9 United States? You know very well, if that
10 happened, anything the British could offer would
11 be a poor affair in comparison to the subsidized
12 American competition.

13 A. Very true.

14 MR. THOMAN: Or subsidized British ships.

15 THE CHAIRMAN: Q. Where are the subsidized
16 British ships?

17 MR. BARRETT: If Britain decided to
18 subsidize their own ships. That is what was meant.

19 MR. MUNDELL: Q. In your proposal do you
20 also couple with that the proposal of the
21 Dominion Marine Association that the trade in the
22 Lakes be restricted to Canada and United States'
23 vessels in international trade?

24 A. Our submission in connection with the
25 coasting laws is that contained in our brief.
26 I don't know what the Dominion Marine Association
27 submitted to this Commission. I perhaps should
28 have read it but I really don't know.

29 Q. The submission made there was that
30 the international trade in the Lakes, Canada-



1 United States, be restricted to Canadian and U. S.
2 vessels?

3 A. Well, that is really an operating matter,
4 not a shipbuilding matter. I have not considered it.

5 Q. It would seem to open the market up for
6 Canadian shipbuilding?

7 A. I should think it might but I have not
8 given consideration to it and have no opinion on
9 the matter. It is fundamentally an operating matter.

10 Q. The other question I had is this, in
11 relation to your proposal have you thought of the
12 Newfoundland situation or the British Columbia
13 situation or do you feel that the policy should
14 apply equally to all areas?

15 A. Well, we feel that the policy should
16 apply equally to all areas.

17 Q. Why would you apply it to the British
18 Columbia Coast, for instance? They say they are
19 not afraid of the British competition.

20 A. Pardon?

21 Q. I beg your pardon. On shipbuilding
22 they are.

23 A. Yes.

24 THE CHAIRMAN: Q. One of the examples you
25 pointed out is in fact a ship in the British
26 Columbia coastal trade which you would have liked
27 to have had an opportunity to build?

28 A. Yes, Mr. Chairman.

29 MR. MUNDELL: Q. Would you agree that this
30 will increase the cost of shipping to some



1 extent, this proposal?

2 A. Shipping or shipbuilding?

3 Q. Would it increase the cost of trans-
4 portation services?

5 A. It probably would.

6 Q. Do you feel it should be applied---

7 A. When you say "increase" do you mean in
8 terms of the cost of a ship to the Canadian owner?

9 Q. Yes.

10 A. Well, again, that is a transportation
11 question but if Canadian ships are registered they
12 have to use Canadian crews and I think, as I
13 understand from the evidence I have heard here,
14 that would be a higher cost than would apply in
15 the case of British crews and British ships.

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MR. MUNDELL: Q. What have you to say to the Newfoundland representations? Would you leave Newfoundland in the area, or would you be prepared to exclude Newfoundland from restriction?

A. Well, I would not like to be thought not amicable as far as Newfoundland is concerned. As an observation I really feel that you cannot look at this as a sole matter as far as Newfoundland is concerned. Assuming they have something to say to the Commission which may evoke the Commission's sympathy for their situation -- I do not know what that situation is really. I assume there were questions they put forward seeking things that they may want. I should think so. I would say generally Newfoundland, I would think, in the particular picture has benefited more by being in Confederation than any other Province in the period since they have been in Confederation generally. We are taking a particular picture ---

Q. That really is not the question. The people of Newfoundland say, "We are at the end of the transport line as far as the mainland is concerned. Everything we want, everything we bring in comes in by ship. Everything we send out goes out by ship. When we get it from the rest of Canada it is increased in cost. We are tied to that price for everything we sell because we are selling in the Canadian market, cement, gypsum and so on". They say, "All we are doing, as an island, we are maintaining the Canadian economy".



1 A. I would say their rate of economic
2 increase has been greater than any other Province
3 in Confederation.

4 Q. In other words, you are prepared to
5 let them bear the burden?

6 A. I do not think that any of us can
7 class burden that way. Perhaps, to use a trade ex-
8 pression, "What we lose on the apples may we win
9 on the oranges".

10 Q. This comes back to the difference
11 between subsidy and the proposal. One of the argu-
12 ments in relation to the subsidy and the cost pro-
13 posal you put foward is that the subsidy will pro-
14 bably cost the taxpayer over the country, if it is
15 a defence measure, it will be made as a tax cost
16 whereas a restriction will impose a burden on the
17 users of the transportation system.

18 A. Yes.

19 Q. But you are still in for restriction
20 rather than subsidy?

21 A. We do.

22 Q. On the basis ---

23 A. We may prove that it may. I mean,
24 I am not saying I am guaranteeing that restric-
25 tion must be the answer. We think so. We hope
26 so. We think it is the most practical solution.

27 Q. Because it is the most permanent?

28 A. Yes, and the most permanent.

29 Q. Or is it because it is the most
30 permanent or the most practical?



1 A. Let us put both in there to be sure
2 of it.

3 Q. Have you or your company made any
4 calculation as to whether restriction would have any
5 appreciable effect in maintaining the shipyards?
6 I think you mentioned Mr. Lowery's estimate as to
7 the possible building that would occur over the next
8 ten years if this restriction is put on. Have you
9 made any such calculation?

10 A. No, because that calculation would
11 depend on a complete knowledge of what tonnage was
12 in operation. Ship operating lines have that know-
13 ledge. We as a shipbuilding firm do not have that
14 information and therefore we would be guessing
15 rather than making a calculation.

16 Q. Did you have a chance to examine Mr.
17 Lowery's estimate?

18 A. I heard what he said, but I did not
19 have any chance to examine him.

20 THE CHAIRMAN: Q. You must have done some
21 sort of rule of thumb calculation. If you did not
22 believe that it would mean a very considerable
23 increase in your new construction, why would you
24 have taken the time to prepare your brief?

25 A. I think perhaps you must have mis-
26 construed what I meant. I meant to say we have
27 not put together a concrete calculation in figures.
28 We have examined what fleets there are in existence
29 on the Lakes, taken the Lakes and so on because
30 we think it is one of the practical things as far



1 as the Great Lakes tonnage is concerned. We would
2 be consulting on deep-sea tonnage if possible. It
3 is a very difficult thing to calculate. We have
4 not put it on paper before this Commission, that is
5 what I am saying.

6 MR. MUNDELL: Q. I would like to change
7 the subject, if I may. What trades in the shipyards
8 would you say were skills that are not normally
9 found elsewhere? If I may take, for example, one
10 of them is designers, and possibly on the other side
11 welders may be found elsewhere.

12 A. I would prefer Mr. Thoman would answer
13 this question on the skills and trades in the yards.

14 Q. The skills that are operating in the
15 shipyards.

16 MR. THOMAN: A. Let us take on the job.
17 There are architects and designers. There would be
18 loftsmen. There would be platers. There would
19 be -- platers would include people that bend the
20 frames and that type of work. This number could be
21 extended by, say, a group of 50, so in order to put
22 in the tradesmen there use from five or six differ-
23 ent trades. Shipwrites, marine engineers. About
24 75 percent of the electrical work, about the same
25 proportion of pipe-fitters. In other words, we
26 can use 25 percent general pipe-fitters and general
27 electricians.

28 MR. BARRETT: Q. What about the loftsmen,
29 Mr. Thoman?

30 MR. THOMAN: I mentioned the loftsmen.



1 MR. MUNDELL: Q. What percentage of the
2 work force that you mentioned would these trades
3 form?

4 A. You mean now or what they may form in
5 a new ship ---

6 Q. Yes.

7 MR. THOMAN: A. I would say they would be
8 over half.

9 Q. The rest of the working force would be
10 interchangeable. You could take them and train
11 them quickly?

12 A. Yes.

13 Q. Those you mentioned ---

14 A. Those would be out of the question.
15 I may say you cannot maintain only these people. That
16 would be a very, very inefficient thing to do. In
17 the first place, these people make up unit skills,
18 so because you have these you have to have welders.
19 It doesn't take too long to train welders, but you
20 have to have all these people running as a unit,
21 so you have to have welders as well.

22 Q. About 50 percent you say you could
23 not find elsewhere. You could not maintain that
24 50 percent because you need a balanced force?

25 A. That is right.

26 Q. I thought you said the work force
27 varies from one ship to another?

28 MR. BARRETT: Yes.

29 Q. It does vary in relation to these
30 platers, welders to others?



1 MR. BARRETT: A. Yes.

2 MR. THOMAN: A. It does. Take the Clifford
3 Rogers for example, which is a new concept of -- a
4 relatively concept of ship. It has only relatively
5 the ordinary amount of electrical work on it and
6 compare it with, say, a D.E., where probably the
7 single biggest article in the drawing of the D.E.
8 has been electrical. That is one of our problems.
9 We have that problem and it does vary.

10 Q. The problem is with you every time you
11 start on a new ship?

12 MR. THOMAN: A. That is right. That is
13 one of our big problems of operation.

14 Q. When you estimate the nucleus on which
15 side do you estimate, the inside minimum number, or
16 what?

17 A. The minimum number. That would be
18 nothing. We will have to take into account these
19 things we have to meet. When I say it will be the
20 minimum number, I said I do not know what we would
21 be called upon to do. Assuming at the time we are
22 building a D.E., and assuming it was needed at the
23 same rate we were asked to produce frigates in
24 World War II, that was what the minimum figure
25 was based on.

26 MR. BARRETT: In other words, Mr. Mundell,
27 the answer is, the variations are unknown as to
28 what the orders will be, but at the moment that
29 would be the figure.

30 MR. MUNDELL: Q. About 50 percent are



1 interchangeabe and 50 percent are not. Is that
2 the basis?

3 MR. THOMAN: A. The service people would
4 be interchangeabe, the labour people would be inter-
5 changeabe. Some of the electricians would be inter-
6 changeabe. The painters would be interchangeabe.
7 A lot of the welders would be interchangeabe. I
8 would judge that to be about half.

9 MR. BARRETT: A. But the other half is
10 extremely important.

11 Q. Without the other half you would not
12 have a whole, I suppose?

13 I think those are all my questions, Mr.
14 Chairman.

15 THE CHAIRMAN: I have a question, and perhaps
16 Mr. Thoman would be the one to answer it because it
17 is a technical matter. Taking one of these Sungran
18 ships which we saw in your yard and on which you
19 had a lot of work to do, some plates had to be re-
20 newed and the ship itself is six months old. What
21 would you build that ship for?

22 MR. THOMAN: A. The amount of money we
23 would want to -- I am taking a figure out of the
24 air -- between \$5 million and \$5½ million to build
25 it. How much did it cost, do you know? Would you
26 tell me?

27 Q. This is a public hearing. It cost
28 14 million kronen which, translated into dollars,
29 is \$2,250,000. It would have cost the same thing
30 in the United Kingdom.



1 MR. THOMAN: A. That is about right. My
2 price is pretty good.

3 Q. You are doubling it.

4 A. Yes, that is about right. Well, we
5 have evidence that 50 percent ---

6 Q. You are 100 percent more in this case.

7 A. It is six months old. It has been
8 under a subsidy. You know there are some very fancy
9 restrictions that are applying in Europe or assis-
10 tances that are applying there. A gentleman from
11 the Shell Oil Company told me they had just purchased
12 four ships, two of which came from Japan and two
13 of which came from France. The two from France
14 were the best price. We know from an analysis of
15 French labour costs that that is an impossible situa-
16 tion to be in existence, and we also know from
17 other figures we are getting that France is paying
18 premiums -- the French people are paying premiums
19 for export business, so it could be misleading.

20 Q. Well, I know that as to France. I
21 am not aware of whether there are these subsidies
22 in Norway, but that is the material we have heard.
23 I agree with you from anything else we have
24 seen \$2,250,000 seems to be a very low price, but
25 in a United Kingdom yard I think that is the
26 price that was quoted. Now, when you get examples
27 from time to time, you know they do go well be-
28 yond your two-third rule. We had an example on
29 the West Coast when we looked at a model about
30



1 that long. Comparative quotes had been called from
2 a West Coast yard and from a United Kingdom yard
3 and the West Coast yard was just double the United
4 Kingdom yard.

5 MR. THOMAN: A. Just double.

6 Q. I think probably the Coast is higher
7 than anywhere else in Canada. Yours would probably
8 be less.

9 MR. THOMAN: A. We are not any less in
10 terms of labour costs. The rates downriver are
11 somewhat lower.

12 Q. I mean the St. Lawrence River.

13 A. Yes. You know, there was mention
14 earlier of that business from South America that
15 we obtained. We did not get any more. The reason
16 was that they could buy ships cheaper in Europe and
17 they told me they were buying for \$1,250,000 what
18 we were charging them \$3,000,000 for. That is
19 what they told me. They placed those orders in
20 Germany.

21 Q. I think we are more interested in
22 United Kingdom prices than either German or French
23 or Japanese, and I know that there is a great deal
24 of subsidies in most European countries.

25 MR. THOMAN: Tell me why, as Canadians,
26 we should assist United Kingdom shipyards contrary
27 to our own interests and paying the cost for a
28 less efficient ship business. Why should we be
29 a support to the United Kingdom?

30 COMMISSIONER WICKWIRE: Q. Mr. Thoman,



1 what does a pipe-fitter get in your yard?

2 A. Under the new rates a pipe-fitter would
3 get \$1.57 to \$1.62.

4 Q. On the West Coast he gets \$2.02 $\frac{1}{2}$, a
5 44¢ difference in one classification.

6 A. Yes.

7 MR. BARRETT: A. I think you will find that
8 others are more or less comparative, the other trades.

9 MR. THOMAN: A. I think that is true of
10 all labour rates as compared with labour on the West
11 Coast. I think their helpers in certain trades get
12 more money than our tradesmen.

13 COMMISSIONER WICKWIRE: Q. The reason they
14 give is isolation.

15 THE CHAIRMAN: It is also true on the West
16 Coast of the United States there is a 5 percent
17 differential in the U.S. subsidy system between the
18 East and West Coast. Have you said everything that
19 you want to say?

20 MR. BARRETT: A. I have said everything, if
21 there are no more questions.

22 COMMISSIONER BELANGER: Q. There was some
23 evidence this morning to the effect that it would
24 take an apprentice about five years to become an
25 electrician. Starting from scratch. How long
26 would it take for an electrician, let us say, work-
27 ing for Westinghouse or any other electrical com-
28 pany, to become a naval electrician? I do not
29 think there was an answer to that question.

30 MR. THOMAN: A. Well, really, taking an



1 example of Westinghouse for an electrician is not
2 good because the Westinghouse people are manufactur-
3 ers and our electricians are really constructional
4 electricians. It would be better to take a construc-
5 tion electrician as a comparison and, depending on
6 how smart the man was, I would say that inside of
7 a year, if he was a really good tradesman outside,
8 inside a year he would be a fairly good tradesman
9 as far as we are concerned.

10 Q. But you may not be able to get him.

11 A. That is always a problem. That is
12 right. Of course, with our rates we cannot bring
13 construction electricians in and train them because
14 they will not come.

15 THE CHAIRMAN: Thank you very much. Is
16 there any other examination by other counsel?

17 I see no purpose in starting another submis-
18 sion at ten minutes to 5.00. We were prepared to
19 sit here Saturday morning anyway and that is why
20 we have not been pushing Mr. Barrett or his witnes-
21 ses.

22 I think we will hear Branch Lines and Marine
23 Industries tomorrow morning at 10.00 o'clock.

24
25 ---Whereupon the hearing adjourned at 4.50 P.M.

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SATURDAY, OCTOBER 15, 1955.

-- On resumption at 10.00 A.M.:

THE CHAIRMAN: Yes, Mr. Gerin-Lajoie?

MR. GERIN-LAJOIE: The two submissions this morning, Mr. Chairman will be that of Branch Lines Limited and Marine Industries Limited. Mr. Arthur Simard is appearing for both, and I understand that the submission of Branch Lines Limited will be the first one.

THE CHAIRMAN: Yes, Mr. Simard?

SUBMISSION OF BRANCH LINES LIMITED

---Represented by Mr. Arthur Simard.

MR. SIMARD: Mr. Chairman and members of the Commission. I had the pleasure of following this Commission for the last couple of months and we have noticed many points that had been left unanswered. We have heard the different points of view and this morning we would like to give our own point of view and to help as much as we can in bringing some more light on this subject. You can rest assured, Mr. Chairman and honourable members, that we will be happy to give all the information that we can gather from the different witnesses that will be here, and if they cannot answer it we will be very glad to bring the additional information that your Commission may request.

With your permission, Mr. Chairman, I would

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1 like to carry this in French.

2 THE CHAIRMAN: Certainly.

3 MR. SIMARD: I will be at your disposal to
4 answer any question whether in French or in English
5 in order to facilitate the matter.

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-- FRENCH --

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1 Me SIMARD : Et ici, nous procédons avec
2 Branch Lines Limited. Je vais demander d'abord à
3 M. Henri Tellier, directeur-gérant de Branch Lines
4 Limited, de venir dans la boîte aux témoins afin
5 de situer le cadre de Branch Lines Limited.

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Et le témoin,

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HENRI TELLIER,

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est interrogé et dépose comme suit :

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Me SIMARD : D- Monsieur Tellier, depuis
combien de temps êtes-vous à l'emploi de
Branch Lines Limited?

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R Depuis dix (10) ans.

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D Quelle est votre position dans Branch Lines
Limited ?

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R Je suis directeur-gérant.

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D Maintenant, voulez-vous dire à la Commission
en quoi consistent Branch Lines Limited?

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R Branch Lines Limited consistent en opérations
de pétroliers et de barges pour le transport
du bois.

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D Pouvez-vous expliquer en quoi consistent ces
deux opérations, ces deux genres d'opérations,
si on peut dire ?

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R Les cinq (5) pétroliers que nous avons sont
loués à des compagnies pétrolifères sous forme
de chartes-partie.

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D

Je vous demanderais de déposer copie d'une charte-partie, comme exhibit 146 ?

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Oui, monsieur.

MR. SIMARD : I would like Mr. Tellier to submit to the Commission copy of the Charter Party we have on the operation of our tankers.

-----EXHIBIT 146 : Charter Party, Branch Lines Limited, for operation of tankers.

D Maintenant, pour les pétroliers, dans le mémoire qui a été soumis par Branch Lines Limited, on voit une description de ces pétroliers avec leur tonnage et leurs membres d'équipage. Voulez-vous nous expliquer comment fonctionne le système de pétroliers de Branch Lines Limited, avec les chartes-partie?

R Voici: nous louons actuellement tous les ans trois de ces navires à des compagnies pétrolifères, comme British American Oil, Imperial Oil, etc. Nous avons payé toutes les dépenses à l'exception des moteurs Diesel, des frais de pilotage. Les autres frais sont à notre compte. Les compagnies qui les louent les dirigent où elles veulent.

D C'est Branch Lines Limited qui a l'entière responsabilité des bateaux, avec l'équipage?

R Toute l'opération des navires relève de Branch Lines.

D Ce sont les locataires qui voient aux cédules et qui dirigent le mouvement des bateaux?



Oui, monsieur.

1 D Maintenant, est-ce que vous avez seulement
2 des bateaux loués annuellement?

3 R Dans les pétroliers, ils sont loués annuelle-
4 ment.

5 D Est-ce que nous n'avons pas des bateaux qui
6 ont des chartes-partie à long terme?

7 R Nous avons deux navires qui ont actuellement
8 des chartes-partie à long terme. L'un fut
9 construit en 1950, après avoir obtenu une
10 charte-partie de deux ans, et l'autre fut
11 construit en 1951, également après avoir ob-
12 tenu une charte-partie à long terme.

13 D Ces bateaux opèrent combien de mois par année?

14 R Ces bateaux opèrent de l'ouverture de la navi-
15 gation qui peut varier entre le cinq et le
16 quinze avril, jusqu'à la fermeture de la navi-
17 gation qui varie entre le huit et le douze
18 décembre.

19 D Maintenant, durant les mois d'hiver, ces ba-
20 teaux-là ne sont pas employés d'aucune façon?

21 R Actuellement, ces bateaux ne sont pas employés
22 durant l'hiver, mais durant les années 1949-50,
23 1950-51 et 1951-52, nous avons opéré trois de
24 ces navires dans le Sud, c'est-à-dire à Cuba,
25 au Vénézuëla, aux golfes américains, ce qu'ils
26 appellent au Cap North Haters, New York, Boston.

27 D Maintenant, voulez-vous dire, lorsque les lo-
28 cataires dirigent les bateaux dans une section



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1 du St-Laurent ou dans l'autre section, si ça
2 demande certains changements? Est-ce que, en
3 d'autres termes, vous pouvez prendre un pé-
4 trolier et l'opérer de Toronto à Montréal;
5 et le même bateau, un voyage suivant, aller
6 au Saguenay?

7 R Sur les navires que nous avons, lorsqu'ils sont
8 appelés à faire les deux genres d'opérations,
9 c'est-à-dire de Montréal à Toronto ou de
10 Montréal au Saguenay, nous avons des équipages
11 qui sont capables de faire ces deux trajets.

12 D Maintenant, normalement, quand des bateaux
13 opèrent dans une section ou dans l'autre, est-
14 ce que vous avez le même équipage ou si vous
15 avez des équipages spécialisés pour un genre
16 d'opérations et pour l'autre genre d'opéra-
17 tions? Autrement dit, est-ce que ceux qui
18 sont dans les canaux ont les mêmes équipages
19 que ceux qui vont dans l'eau salée?

20 R Nous avons deux capitaines qui sont familiers
21 avec les deux côtés de la navigation. Nous
22 en avons trois autres qui sont plutôt familiers
23 avec le côté de Montréal en bas.

24 D Est-ce que les opérations sont les mêmes au
25 point de vue navigation, au point de vue équi-
26 page, pour ceux qui naviguent dans les canaux
27 ou dans les eaux salées ?

28 R Les opérations sont sensiblement les mêmes.

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Seulement, dans les canaux, le capitaine fait son propre pilotage. Il connaît la route de Montréal à Kingston.

Est-ce que tous les pétroliers de Branch Lines sont en opération?

Actuellement, nous avons un pétrolier qui n'a pas opéré depuis deux ans.

Maintenant, voulez-vous passer à l'autre genre d'opérations de Branch Lines ?

Nous transportons, sur les côtes de Terre-Neuve, actuellement avec cinq barges qui n'ont pas de moteurs, et deux remorqueurs, une quantité d'environ 170,000.00 cordes de bois.

Par année ?

Par année, sur des distances variant de soixante à 350 milles.

Pourriez-vous produire comme exhibit 147, une carte indiquant les différents ports d'attache pour les opérations de Branch Lines Ltd., sur la pulpe?

Oui.

MR. SIMARD : This, Mr. Chairman, is a map of Newfoundland and each star represents a different harbour that Branch Lines Limited operate from to Cornerbrook. Cornerbrook is over there and our tugs and barges operate all around the Island of Newfoundland to take pulp from those different points to Cornerbrook.



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1 -----EXHIBIT 147 : Map of Newfoundland showing
2 harbours from which Branch Lines
Ltd operate to Cornerbrook

3 D Maintenant, quelle est la distance la plus
4 éloignée de Cornerbrook?

5 R La distance la plus éloignée d'où nous avons
6 déjà transporté du bois est Travelbrook, qui
7 se trouve à 447 milles de Cornerbrook.

8 D Ils font le tour comment ?

9 R Par en haut .

10 D Pourriez-vous produire comme exhibit 148 la
11 liste des ports ?

12 R Oui.

13 -----EXHIBIT 148 : Liste des ports fréquentés
14 par les navires de Branch
Lines Limited.

15 Me SIMARD : Sur l'exhibit 148 nous donnons
16 à la Commission nos chiffres montrant les
17 différents points de chargement de bois de pul-
18 pe. Nous donnons, dans la première colonne, la
19 distance, distance dans une direction. Cette
20 distance indique ici les milles marins, et
21 dans un sens seulement. Exemple: de Baie
22 d'Espoir, 294 milles à Cornerbrook, et vous
23 avez jusqu'à Travelbrook 447 milles.

24 Sur la deuxième colonne nous don-
25 nons à la Commission le taux par corde de bois
26 de ces différents points-là à Cornerbrook.

27 Sur la troisième colonne nous
28 donnons le nombre de cordes qui ont été trans-
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portées des différents endroits en 1949 et en 1950. Vous avez le transport de 1951, 1952, 1953, 1954, ce qui donne un aperçu général des quantités transportées des différents points jusqu'à Cornerbrook.

Me SIMARD : D- Maintenant, ces opérations-là, pour le compte de qui transportez-vous ce bois-là ?

R Les opérations sont faites pour le compte de Bowater Pulp & Paper Company.

D C'est bien la compagnie Bowater Pulp & Paper Company qui a présenté un mémoire à cette Commission royale?

R A St-Jean, oui.

D La Bowater Pulp & Paper est une compagnie anglaise?

R Oui, dont le bureau-chef est à Londres, Angleterre.

D Comment se fait-il que Branch Lines Limited aient entrepris des opérations de transport maritime avec une compagnie qui est une compagnie de Grande-Bretagne?

R Nos premiers contacts avec la compagnie Bowater furent en 1946 alors que nous leur avons loué un remorqueur pour une période d'environ trois mois pour faire le transport du bois par trains, ce qui est connu sous le nom de Rafting, trains de bois; et, en 1947 et en 1948 nous avons



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également loué un remorqueur pour faire le même travail. Il était à notre connaissance que Bowater faisait transporter une certaine quantité de bois de leurs différents points de chargement à Cornerbrook par des navires des Lacs, des barges des Lacs, et comme nous avions à sortir sept L.S.T. qui n'étaient pas complétés, nous avons pensé que ces bateaux pourraient être utilisés pour le transport de ce bois-là et, après discussion et rencontres avec Bowater, après avoir soumis des prix, cette compagnie a accepté de nous donner un contrat de cinq ans, ce qui nous a permis de convertir quatre barges pour mettre sur le service.

D Est-ce que c'est ce contrat de cinq ans-là?

R Le contrat de cinq ans, après l'expiration des premiers cinq ans a été renouvelé pour une autre période de cinq ans, et nous en sommes à la deuxième année du deuxième contrat.

D Maintenant, les relations avec la compagnie Bowater ont-elles été difficiles ?

R Non, les relations ont toujours été très amicales et, comme vous le voyez par le renouvellement du contrat, ont été satisfaisantes au point de vue économique des deux côtés.

D Monsieur Tellier, des parties qui ont fait des représentations devant cette Commission ont prétendu que la saison de navigation dans une section, dans les entourages de Terre-Neuve,



pour être plus précis, à l'Ile d'Anticosti, ne
durait que de trois mois et demi à quatre mois
par année. Voulez-vous dire quelle est votre
saison de navigation autour de Terre-Neuve?

R Généralement, nous partons de Sorel entre le
quinze et le vingt avril et nous livrons à
Cornerbrook de Baie d'Espoir où nous prenons
le premier chargement, soit à la fin d'avril
ou au début de mai et nous continuons les
opérations jusqu'à la fin de novembre, du
vingt-cinq au trente novembre

D Alors, vous nous dites que jusque dans le mois
de novembre, Branch Lines Limited opèrent des
bateaux dans les différents ports de Terre-
Neuve?

R Oui, jusqu'à la fin de novembre.

D Et est-ce qu'il y a des risques à prendre qui
sont anormaux dans ces opérations-là ?

R Non. D'autant plus que je crois que la compa-
gnie Bowater expédie du papier de Corberbrook
durant les mois de novembre, décembre, janvier
et même février, parce qu'à certains hivers la
Baie des Iles, qui donne accès à Cornerbrook, ne
gèle pas.

D Maintenant, est-ce que ces barges-là sont em-
ployées exclusivement au transport du bois de
pulpe?

R Non, pas exclusivement au transport du bois de
pulpe, mais disons principalement au trans-



1 port du bois de pulpe. Nous avons déjà trans-
2 porté de la machinerie à Sept-Iles; nous avons
3 déjà transporté des chargements de l'Hydro-
4 Québec à Trois-Rivières; nous avons déjà trans-
5 porté des rails de chemin de fer destinés aux
6 Sept-Iles.

7 D Mais l'opération de ces barges-là, le taux
8 d'opération est calculé pour une saison de na-
9 vigation?

10 R Oui, naturellement.

11 D Il serait peut-être intéressant de donner à la
12 Commission un détail des coûts d'opération.
13 Vous n'auriez pas les renseignements ?

14 R Je ne les ai pas ici.

15 D Auriez-vous objection à produire plus tard à
16 la Commission un détail de votre division du
17 coût d'opération?

18 R Un coût d'opération par jour, pour les barges
19 et les remorqueurs?

20 D Oui. Alors, ce sont les deux opérations de
21 Branch Lines Limited. D'un côté vous avez des
22 pétroliers et de l'autre côté vous avez des
23 remorqueurs qui font du touage de barges?

24 R Oui.

25 D Ce sont là les deux opérations de Branch Lines
26 Limited?

27 R Oui.

28 D La compagnie Branch Lines Limited emploie com-
29 bien d'employés?
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- 1 R Nous avons 170 employés.
- 2 D Qu'est-ce que ça peut représenter en salaires
- 3 annuels?
- 4 R Tel qu'il a été mentionné dans le mémoire, ceci
- 5 représente \$450,000.00 de salaires par année.
- 6 D Est-ce qu'il y a d'autres déboursés, après
- 7 cela, dans la compagnie?
- 8 R Bien, nous avons aussi indiqué dans le mémoire
- 9 que les déboursés pour le logement et la nour-
- 10 riture étaient de \$100,000.00 et que les ré-
- 11 parations, en moyenne, se chiffrent à trois
- 12 cent cinquante mille dollars (\$350,000.00.)
- 13 Il serait peut-être bon également d'ajouter
- 14 que Branch Lines depuis les huit dernières an-
- 15 nées, a dépensé en constructions nouvelles ou
- 16 en rénovation des barges un montant supérieur
- 17 à trois millions de dollars.
- 18 D Trois millions de dollars qui ont été dépensés
- 19 par Branch Lines Limited?
- 20 R Pour la construction et la rénovation des bar-
- 21 ges, construction de deux pétroliers et la
- 22 rénovation de six barges et également la con-
- 23 version d'un remorqueur
- 24 Me GERIN-LAJOIE: D - Monsieur Tellier, j'ai-
- 25 merais vous poser quelques questions d'abord
- 26 au sujet des opérations des chalands et de
- 27 vos opérations de transport de bois autour de
- 28 l'Ile de Terre-Neuve. Vous avez indiqué la
- 29 longueur de votre saison. Est-ce que cette
- 30

saison jusqu'à la fin de novembre s'applique
à tout le tour de l'Ile de Terre-Neuve?

R Au point de vue de navigation ou au point de
vue chargement? Je crois qu'au point de vue
navigation vous pouvez naviguer jusqu'à la fin
de novembre. Seulement, il se peut qu'à cer-
tains endroits il leur soit impossible de
charger le bois parce que ce bois est pris
dans une baie qui peut peut-être geler plus
tôt, qu'il leur est difficile de faire le
chargement des barges, mais pour la navigation
vous pouvez naviguer jusqu'à la fin de novem-
bre.

D Maintenant, certaines compagnies ont prétendu
que la mer était trop dangereuse, trop grosse,
pour permettre à des barges avec des charge-
ments de bois assez élevés de naviguer en tou-
te sécurité. Qu'est-ce que vous avez à dire à
cette objection?

R Notre expérience prouve que nous pouvons navi-
guer en toute sécurité jusqu'à la fin de novem-
bre.

D Est-ce que la hauteur du chargement de bois
peut varier d'une partie à l'autre de la sai-
son?

R Je ne crois pas que la hauteur puisse varier
sensiblement.

D Vous prenez toujours la même quantité de bois
sur vos chalands ?

Oui, environ 1950 cordes.

- 1 D Maintenant, est-ce qu'à votre connaissance, la
- 2 compagnie Bowater a des contrats pour le trans-
- 3 port de son bois de pulpe avec d'autres compa-
- 4 gnies que la vôtre?
- 5 R Autour de l'Ile de Terre-Neuve?
- 6 D Oui.
- 7 R Pas à ma connaissance.
- 8 D Est-ce qu'il y a du bois de pulpe qui est
- 9 transporté autrement que par vos chalands ?
- 10 R Pour eux?
- 11 D Pour eux ou pour qui que ce soit ?
- 12 R Il y a du bois qui est transporté de Terre-
- 13 Neuve en Angleterre.
- 14 D Non. J'entends le bois de pulpe qui est trans-
- 15 porté à la compagnie Bowater?
- 16 R Il y en a qui est transporté par chemin de fer,
- 17 par camions.
- 18 D Sur l'Ile de Terre-Neuve?
- 19 R Oui.
- 20 D Est-ce qu'il y en a une partie qui est trans-
- 21 portée par la méthode de Rafting?
- 22 R Vers Cornerbrook?
- 23 D Ou un autre point de Terre-Neuve?
- 24 R S'il y en a eu, il y en a très peu maintenant,
- 25 parce qu'ils ont laissé cette méthode de
- 26 transport parce que cette méthode de trans-
- 27 port leur était un peu plus dispendieuse étant
- 28 donné la quantité de bois qu'ils peuvent per-
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dre dans le transport.

1 D Maintenant, est-ce qu'à votre connaissance, le
2 bois de pulpe transporté au moulin de Bowater,
3 c'est-à-dire la partie qui est transportée par
4 eau, est transportée exclusivement par votre
5 compagnie, Branch Lines Limited?

6 R Je crois que nous avons transporté toute la
7 quantité transportée par eau.

8 D Pouvez-vous dire si d'autres compagnies de na-
9 vigation ont été en concurrence avec vous
10 pour obtenir le contrat, à votre connaissance?

11 R Il y avait une compagnie qui faisait ce trans-
12 port, elle avait une partie de ce transport
13 avant que nous leur noumettions une proposi-
14 tion.

15 D Est-ce que du transport se faisait par chalands
16 ou par une autre méthode?

17 R Il se faisait par bateaux des Lacs.

18 D Connaissez-vous le nom de la compagnie qui
19 faisait ce transport ?

20 R Non, je ne suis pas certain.

21 D Est-ce que vous pourriez nous soumettre cela
22 par écrit? Est-ce que vous êtes au courant?
23 Est-ce que vous avez cela dans vos dossiers?

24 R Non; la compagnie qui faisait le transport
25 avant nous, je ne la connais pas, mais je peux
26 demander à Bowater.

27 D Le contrat a été commencé en 1947 ?

28 R Le contrat a été signé en 1947 et nous avons
29 commencé en 1949.
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Et avant cela c'était une autre compagnie canadienne qui faisait le transport par bateau, c'est-à-dire par un appareil flottant se mouvant par lui-même et non pas tiré par remorqueur?

Non, il y avait aussi une quantité qui était transportée par trains de bois.

Maintenant, est-ce que vous envisagez comme possible la concurrence des navires construits ou enregistrés en Angleterre, pour un travail comme celui-là ? D'abord, prenons les navires construits en Angleterre. Est-ce que vous pensez que des chalands peuvent être construits en Angleterre et traverser l'Atlantique?

Oui, des chalands peuvent être construits en Angleterre.

Il y aurait la question de leur faire traverser l'Atlantique?

Non; ce sont des navires que nous touons. Les barges sont d'une hauteur et d'une longueur telles qu'elles peuvent facilement être transportées d'Angleterre à Terre-Neuve. J'ai ici une photographie qui peut vous donner une idée de la grosseur de ces barges.

Cette photographie montrant un remorqueur tirant une barge de la compagnie Branch Lines Limited, voulez-vous la produire comme exhibit 149 ?

-----EXHIBIT 149: Photographie d'un remorqueur tirant une barge de Branch Lines Limited.

- 1 Maintenant, je constate que cette barge n'est
2 pas du type que nous avons vu dans certains
3 chantiers maritimes, c'est-à-dire rectangulai-
4 re. Si je vois bien sur la photographie, la
5 barge a un devant pointu, effilé, et l'arrière
6 finit de façon carrée?
- 6 R Oui, c'est la coque que l'on construisait pen-
7 dant la guerre et qu'on appelle L.S.T.
- 8 D Est-ce que vos quatre chalands sont de même
9 longueur ?
- 10 R Ils sont identiques.
- 11 D Quelle est leur longueur totale?
- 12 R 345 pieds de long par 56 pieds de large.
- 13 D Quel est le tirant d'eau, quand c'est chargé à
14 plein?
- 15 R Environ dix-huit pieds et demi. Voulez-vous
16 dire le tirant d'eau moyen ou le tirant d'eau
17 à l'arrière ?
- 18 D Le tirant d'eau maximum.
- 19 R A l'arrière, dix-huit pieds et demi.
- 20 D Maintenant, est-ce qu'il est à votre connais-
21 sance que des barges comme celles-là aient
22 été transportées en Europe?
- 23 R Lorsque ces navires étaient construits pour la
24 Défense Nationale, ils partaient de Sorel et
25 allaient en Europe. Originellement, c'étaient
26 de vrais navires avec un moteur et qui ser-
27 vaient pendant la guerre. Nous, nous les opé-
28 rons sans moteur, comme barges.
- 29 D Et ces barges-là avec leur moteur originaire,
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traversaient l'Atlantique ?

- 1 R Certainement.
- 2 D Sous leur propre vapeur?
- 3 R Sous leur propre pouvoir, oui.
- 4 D Maintenant, je crois comprendre que ces navires
5 et chalands sont enregistrés au Canada?
- 6 R Oui, tous nos navires sont enregistrés au Ca-
7 nada.
- 8 D Est-il à votre connaissance que des opérations
9 comparables aux vôtres soient faites par des
10 navires enregistrés en Angleterre, faites au
11 Canada par des navires enregistrés en Anglater-
12 re? J'entends dans la partie est, non pas sur
13 la côte du Pacifique?
- 14 R Du transport de bois? Non, pas à ma connais-
15 sance.
- 16 D Du transport d'autre chose?
- 17 R Il y a du transport de charbon de Sydney à
18 Montréal qui s'est fait par des bateaux enre-
19 gistrés en Angleterre, mais le transport du
20 bois ou de produits pétrolifères, je ne crois
21 pas qu'il s'en fasse sur une grande échelle
22 par des bateaux enregistrés en Angleterre.
- 23 D Maintenant, les bateaux dont vous parlez sont
24 des navires qui voyagent sous leur propre va-
25 peur et non pas des chalands tirés par des
26 remorqueurs?
- 27 R Non.
- 28 D Pour ce qui concerne vos pétroliers, pouvez-
29 vous dire entre quels ports voyagent ces cinq
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pétroliers que vous avez ?

R Cette année ?

D Oui.

R La direction des pétroliers, le nombre de ports qu'ils touchent peut varier, mais cette année nous en avons trois dont le port de chargement est Montréal et qui livrent leurs produits à l'est, soit Chicoutimi, Rimouski, Sept-Iles, Ste-Anne-des-Monts, St-Jean de Terre-Neuve, Halifax et St-Jean, Nouveau-Brunswick.

D Est-ce qu'une des caractéristiques de ces navires-citernes, par rapport à ceux qui font les Grands Lacs et l'Atlantique, est qu'ils puissent aller dans les petits ports?

R Oui. Sur les cinq pétroliers que nous avons, deux ont un tirant d'eau moyen de seize pieds et demi et les trois autres, de dix-huit pieds et demi, et ils peuvent aussi opérer en haut et en bas de Montréal.

D Maintenant, pour opérer en haut de Montréal, ils ne doivent pas être remplis à capacité?

R Non, de Montréal à Toronto; mais une fois rendus dans les Lacs ils peuvent opérer à pleine capacité.

D Est-ce que vos pétroliers ont fait ces opérations-là dans le passé?

R Oui, nous en avons un qui travaille sur la route de Toledo à Houston, transportant de



1 l'huile brute.

2 D Vous avez dit que vous aviez un pétrolier, à
3 l'heure actuelle, qui n'est pas en opération?

4 R Oui, c'est un pétrolier qui peut transporter
5 environ 18,000 barils.

6 D Pourquoi est-ce qu'il ne fonctionne pas à
7 l'heure actuelle?

8 R La demande pour les pétroliers n'est pas très
9 très forte.

10 D Est-ce qu'il y a des pétroliers d'autres compa-
11 gnies que la vôtre qui font du service dans le
12 fleuve St-Laurent?

13 R Oui, chaque compagnie pétrolifère, c'est-à-dire
14 les quatre principales qui ont des raffineries
15 à Montréal, opèrent leurs propres navires.

16 D Est-ce que ces compagnies pétrolifères opèrent
17 des navires qui ne sont pas leur propriété, à
18 part ceux qui sont loués de votre compagnie?
19 En somme, est-ce que les compagnies pétrolifè-
20 res louent d'autres compagnies que de la vô-
21 tre ?

22 R Oui, il y a d'autres compagnies que la nôtre.

23 D Pouvez-vous les nommer ?

24 R Lakeland Tankers.

25 D Est-ce une compagnie qui opère des navires cana-
26 diens?

27 R Oui.

28 D A votre connaissance, est-ce qu'il y a des navi-
29 res enregistrés en Grande-Bretagne qui font un
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service comparable à celui que vous faites sur le fleuve St-Laurent et les points desservis par le fleuve St-Laurent?

R A ma connaissance, non.

D Est-ce qu'il y a des pétroliers qui ont traversé l'océan?

R Ils l'ont fait déjà, mais ils ne sont pas construits pour traverser l'océan.

D Pouvez-vous dire à quelle occasion?

R Oui, à la fin de la guerre ces pétroliers ont été loués au gouvernement français pour un an et ils étaient sur le transport du vin, soit du Maroc ou de l'Algérie en France.

D Est-ce que le service a été satisfaisant?

R Ils naviguaient normalement dans la Méditerranée, mais ils n'ont pas traversé l'Atlantique.

D Voulez-vous dire à la Commission pourquoi votre contrat n'a pas été renouvelé?

R C'était une mesure d'urgence pour la France qui avait besoin de pétroliers. C'est un service qui était fait normalement par des bateaux français.

D Maintenant, vous avez dit qu'un certain nombre de vos pétroliers, deux ou trois, ont été occupés ou opérés dans l'Océan Atlantique, entre Cuba et le Vénézuéla et les Etats-Unis pendant une ou deux saisons?

R Trois saisons. Nous avons opéré en 1949-50, 1950-51, 1951-52.



- 1 D Vous n'opérez plus ?
- 2 R Non.
- 3 D Quelle est la raison?
- 4 R C'est que les taux actuels ne nous permet-
- 5 tent pas de rencontrer nos dépenses.
- 6 D A quelle compagnie avez-vous loué pour ces
- 7 opérations d'hiver ?
- 8 R En autant que je me souviene, les deux prin-
- 9 cipales compagnies ont été South Western
- 10 Molasses et American Molasses.
- 11 D C'était pour le transport de la mélasse?
- 12 R Oui, principalement de Cuba à la Nouvelle-
- 13 Orléans et à Houston.
- 14 D Dans quelle occasion avez-vous perdu ce con-
- 15 trat-là ?
- 16 R Le transport de la mélasse est un transport
- 17 saisonnier qui s'effectue habituellement de
- 18 fin décembre à mars, et à tous les ans ce
- 19 transport est accordé par soumissions.
- 20 D Qui a obtenu le contrat à votre place l'année
- 21 qui a suivi celle où vous avez opéré pour la
- 22 dernière fois?
- 23 R On m'a dit que c'étaient des bateaux cons-
- 24 truits au Japon, mais je ne sais pas.
- 25 D A votre connaissance, est-ce qu'il y a du
- 26 transport maritime à obtenir sur l'Atlanti-
- 27 que pendant la seule saison d'hiver lorsque
- 28 les taux sont favorables?
- 29 R Oui, parce que durant la saison d'hiver, gé-
- 30 néralement, les tarifs sont meilleurs.



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- 1 D Qu'est-ce que vous entendez par 'meilleurs'?
- 2 Plus hauts ou plus bas ?
- 3 R Plus hauts. Meilleurs au point de vue de
- 4 l'opérateur, et ils sont plus hauts parce qu'il
- 5 y a plus de mouvements à faire.
- 6 D Il y a plus de mouvements pendant l'hiver que
- 7 pendant l'été, sur l'Atlantique?
- 8 R Oui.
- 9 D Pouvez-vous dire sommairement pourquoi?
- 10 R Il y a peut-être un peu cette mélasse qui se
- 11 transporte généralement durant trois mois
- 12 d'hiver. Ensuite, il y a le chauffage durant
- 13 l'hiver.
- 14 D Avant d'aller plus loin, est-ce que vous sa-
- 15 vez pourquoi la mélasse se transporte seulement
- 16 l'hiver ?
- 17 R C'est parce que c'est immédiatement après la
- 18 récolte et que les facilités d'emmagasiner, à
- 19 Cuba, sont limitées.
- 20 D Selon votre expérience, il y aurait, pour des
- 21 navires qui opéreraient sur le fleuve St-Lau-
- 22 rent pendant l'été, des possibilités d'emploi
- 23 assez fortes sur l'Atlantique durant l'hiver?
- 24 R Il y a définitivement des possibilités.
- 25 D Et, à votre connaissance, les seules difficul-
- 26 tés encourues par votre compagnie à obtenir des
- 27 contrats devraient se ramener à des questions
- 28 de taux?
- 29 R Absolument, oui.
- 30



Alors, une dernière question: le nombre d'employés que vous avez mentionné pour votre compagnie, 170, est-ce que ça comprend non seulement le personnel sur les bateaux mais aussi le personnel administratif?

R Simplement le personnel sur les bateaux.

D Est-ce que le personnel administratif est assez considérable?

Me SIMARD : - Les services administratifs de Branch Lines Limited sont confiés à une autre compagnie, Marine Industries, qui leur charge un pourcentage de leur administration pour voir à leur administration. Il n'y a pas d'employés qui sont exclusivement employés par Branch Lines Limited. On charge un taux très minime à Branch Lines Limited pour en faire l'administration.

Me GERIN-LAJOIE : D - Maintenant, une question d'ordre général qui pourrait conclure cet interrogatoire. Je me demande dans quelle mesure votre compagnie serait aidée par la restriction du cabotage aux navires construits et enregistrés au Canada ?

R Bien, actuellement, nous ne sommes peut-être pas très affectés par la concurrence des bateaux anglais, mais avec le développement du St-Laurent il n'y a aucun doute que les armateurs anglais vont avoir une raison de plus pour s'intéresser au commerce canadien, et ensuite, nous sommes une jeune compagnie et nous

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1 espérons pouvoir prendre de l'ampleur avec le
2 pays, et nous croyons que la compétition an-
3 glaise pourrait nous empêcher toute expansion.
4 D Vous avez deux cas bien différents. Prenons
5 d'abord celui de votre transport de bois de
6 pulpe autour de l'Ile de Terre-Neuve. Je me
7 demande ce que la restriction proposée appor-
8 terait pour vous aider à prendre de l'expan-
9 sion dans ce domaine, s'il n'y a aucune com-
10 pagnie avec des navires enregistrés en Angle-
11 terre?

12 Me SIMARD : - Justement. Branch Lines, à
13 l'heure actuelle, a une opération assez restreinte,
14 si on peut dire ainsi, mais on veut prouver par là
15 que la compagnie ayant eu un contrat à longue échéan-
16 ce, ça donnait une raison à la compagnie de s'équi-
17 per, de s'organiser pour faire une opération sembla-
18 ble. Or, s'il y avait restriction de notre cabotage
19 au Canada, beaucoup de transport qui se fait actuel-
20 lement et de marchandises qui sont transportées ac-
21 tuellement par des navires étrangers, ouvriraient
22 des champs d'action pour une compagnie comme Branch
23 Lines Limited.

24 Me GERIN-LAJOIE : D- Pouvez-vous donner des exemples?

25 Me SIMARD : - La Quebec Iron, qui transporte du
26 minerai de fer de Havre-St-Pierre à Sorel dans des
27 navires anglais. S'il y avait une restriction sem-
28 blable il faudrait nécessairement que ce soient des
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navires canadiens. On nous a démontré que Terre-Neuve

1 pouvait affecter, au point de vue transport, à cause
2 de son importation et de son exportation. Le trans-
3 port de titanium de Terre-Neuve à Arvida, ce serait
4 une opération que Branch Lines envisageraient et ver-
5 raient à développer cette chose-là. Pour les opéra-
6 tions de l'Ile d'Anticosti, toutes les opérations de
7 la côte de l'Atlantique, s'il y avait une certaine
8 restriction nous serions motivés, et l'industrie cana-
9 dienne serait motivée de s'équiper, d'avoir les navi-
10 res nécessaires, parce qu'il y aurait un potentiel
11 de transport sur lequel il y aurait une certaine sé-
12 curité à l'effet que vous n'investiriez pas des capi-
13 taux pour avoir de l'équipement, et que quelqu'un
14 arrive avec dix pour cent en-dessous et qu'il puis-
15 se ruiner votre organisation.

16 Me GERIN-LAJOIE : Est-ce que le succès que
17 vous obtenez en ayant des contrats autour de Terre-
18 Neuve et ces contrats pour le transport pétrolier ne
19 démontrent pas que vous pouvez, comme compagnie ca-
20 nadienne, avec des navires construits et enregistrés
21 au Canada, obtenir des contrats malgré la concurrence
22 de navires construits et enregistrés en Angleterre?

23 Me SIMARD : Dans le passé, pour les pétro-
24 liers, je dirais oui, à cause de cet avantage que
25 nous avons pour les petits canaux, et il fallait
26 construire des navires qui passaient juste dans ces
27 petits canaux-là; mais avec le développement du
28 St-Laurent qui va ouvrir ces canaux de façon plus
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grande, les navires étrangers sont prêts à venir faire du cabotage sur nos eaux.

Me GERIN-LAJOIE : D - Est-ce que je serais assez fidèle à la réalité en disant que les navires canadiens n'auraient pas tant à craindre la concurrence des navires britanniques pour du transport que vous effectuez, c'est-à-dire le transport dans les ports petits et moyens, et que ce serait seulement dans les grands ports que la concurrence serait sérieuse pour les navires canadiens :

M. TELLIER: R- Non. Je considère que même dans les petits ports... Prenons l'exemple de Bowater. Pensez-vous qu'une compagnie comme Branch Lines Limited aurait organisé un système semblable sans avoir un contrat à long terme qui est l'équivalent d'une restriction?

D Ce n'est pas tout à fait le point que j'ai en vue. Je me demande si une compagnie, avec des navires britanniques, pourrait réellement vous faire une concurrence difficile sur ce point-là, pour le genre de transport comme celui-là, entre les petits ports ou les ports moyens?

R Certainement. Ils n'ont qu'à construire un équipement à peu près semblable à celui qui est là. Et même, j'ajouterais que la compagnie Bowater a fait construire des chalands comme ça en Angleterre, cette année, pour



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- 1 certaines autres opérations.
- 2 D Pour quel genre d'opérations?
- 3 R Les chalands qu'ils ont fait construire en
- 4 Angleterre servent à porter les grues mécani-
- 5 ques qui servent au chargement du bois.
- 6 D Est-ce que ce sont des chalands qui sont com-
- 7 parables aux vôtres ?
- 8 R Ils sont comparables à ceux qu'on a construits
- 9 pour eux, mais pas semblables aux nôtres.
- 10 D Vous dites semblables à ceux que vous avez dé-
- 11 jà construits pour eux?
- 12 R Comparables à ceux que Marine Industries a dé-
- 13 jà construits pour eux.
- 14 D Marine Industries a déjà construit des chalands
- 15 pour Bowater ?
- 16 Me SIMARD : Oui.
- 17 D Et Bowater, actuellement, à votre connaissance,
- 18 fait construire des chalands à peu près iden-
- 19 tiques en Angleterre ?
- 20 M. TELLIER : Oui.
- 21 D Est-ce que Marine Industries avait demandé
- 22 des soumissions pour ce genre de chalands-là,
- 23 ou si ça ne s'est pas fait par demande de
- 24 soumissions de la part de Bowater?
- 25 Me SIMARD : Il y a eu des demandes de faites, mais
- 26 pas d'une façon officielle.
- 27 D Est-ce que vous savez de façon assez certaine
- 28 la différence du prix entre ce que va payer
- 29
- 30



Bowater en Grande-Bretagne et ce qu'ils auraient payé chez Marine Industries?

M. TELLIER: R- Je n'ai pas les chiffres, mais je sais que la différence est pour le moins sensible.

D Ce sont des chalands d'acier?

R Oui.

D Et les opérations faites par ces chalands, est-ce qu'elles n'auraient pas pu être faites par les chalands de Branch Lines?

R Non, ce sont deux chalands complètement différents.

M. LE COMMISSAIRE BELANGER:

D Vous avez parlé tout à l'heure de la navigation autour de l'Ile de Terre-Neuve et vous avez comparé cette navigation-là avec la navigation qui pourrait se faire aux abords de l'Ile d'Anticosti. Est-ce qu'aux abords de l'Ile d'Anticosti les eaux seraient plus tumultueuses ou, enfin, les possibilités d'approchement des ports seraient plus difficiles qu'autour de Terre-Neuve?

R Nous n'opérons pas autour de l'Ile d'Anticosti. Je ne puis parler de l'accès aux ports qu'il y a là, mais pour les eaux, lorsque nous revenons de Terre-Neuve à la fin de novembre, nous passons près d'Anticosti.

D Et vous n'avez pas plus de difficulté à passer près d'Anticosti?

R A ma connaissance, nous n'avons pas plus de



difficulté.

THE CHAIRMAN: Thank you very much.

Me SIMARD : Maintenant, j'aimerais à dire ceci: que nous désirons, sans réserve, faire nôtres les arguments formulés devant votre Commission et qui militent en faveur de la restriction du cabotage canadien aux seuls navires construits et enregistrés au Canada, et nous croyons que cette restriction est une prérogative; c'est un droit chez nous qui existe. Nous avons dans le passé accordé des privilèges qui étaient sans conséquence, que ceux qui les avaient s'en sont peu ou pas prévalu, mais nous sommes rendus à un point où le Canada, avec son expansion, avec son économie, a atteint un stage où nous nous sentons capables et où nous croyons que ça revient à nous d'exercer ce droit et cette prérogative qui est nôtre et que, en laissant les privilèges accordés dans le passé, que ça peut être au détriment de notre économie.

Et c'est pourquoi nous désirons que la loi de la Marine marchande du Canada soit amendée à cet effet; et c'est pourquoi Branch Lines Limited a présenté un mémoire au support de ce changement à notre loi présente, comme d'ailleurs les autres pays le font: les Etats-Unis, la France, le Japon lui-même, et même on voit maintenant de nos frères de l'Empire britannique, comme l'Australie et la Nouvelle-Zélande qui, eux, selon certaines modalités qui vont



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avec leurs besoins, ont une restriction.

Le transport maritime pour le Canada est une affaire vitale. Le Canada, entouré d'eau à l'est, à l'ouest; une grande mer intérieure et un grand fleuve couvrent le pays, et notre transport maritime fait partie inhérente de notre organisation économique, industrielle; et c'est pourquoi nous devons voir à soutenir soi-même pour pouvoir faire le transport de nos marchandises, pouvoir servir les différentes régions de notre pays sans être à la merci ou à la dépendance d'un pays étranger quel qu'il soit. Nous considérons le transport maritime comme le transport ferroviaire, comme le transport aérien. Est-ce qu'on concevrait que nous aurions construit des rails au Canada et que, peut-être par raison d'économie, nous demanderions à un autre pays, que ce soit l'Angleterre, la France ou un autre, à venir avec du personnel, sur nos rails, opérer, parce que ce serait plus économique? Et on dirait que c'est un privilège qu'on leur accorde de Halifax à Vancouver; peut-être que ça sauverait une couple de cents la tonne sur le transport?

Le Canada a un système d'aviation commerciale pour desservir le pays et même, si, pour installer ce système il y a eu certaines dépenses qui ont été faites à ce moment-là, ce développement aérien a certainement servi beaucoup à notre expansion canadienne, a ouvert des régions de notre pays qui, je crois seraient restées inexplorées



parce que d'autres auraient suivi des routes plus

1 économique, auraient ouvert seulement les routes
2 les plus payantes. Et pourquoi auraient-ils été
3 desservir l'Abitibi, le Saguenay? Ils auraient pris
4 les grandes artères, ils s'en seraient tenus là .

5 Non, le Canada a voulu avoir un
6 service aérien complet. Il existe au Canada un ser-
7 vice maritime complet. Ce service maritime, il faut
8 le maintenir à tout prix, il faut le garder. Le Ca-
9 nada est capable de le faire. Le Canada, à l'heure
10 actuelle, par la canalisation du St-Laurent, élargit
11 ses cadres, permet à de plus gros navires d'aller
12 de la tête des Lacs jusqu'à l'Atlantique. On deman-
13 de que tous les petits points de relai qui sont chez
14 nous demeurent à nous et que ce soient des navires
15 enregistrés et bâtis au Canada qui desservent la
16 population canadienne.

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THE CHAIRMAN: Yes, Mr. Simard?

SUBMISSION OF MARINE INDUSTRIES LIMITED

---Represented by Mr. Arthur Simard.

MR. SIMARD: Mr. Chairman and honourable members of the Royal Commission. As you probably noticed, Marine Industries Limited has not presented a separate brief from the one presented with the Shipbuilding and Ship Repairing Association, but we of Marine Industries Limited appreciate the opportunity afforded us to appear before this Royal Commission on Coasting Trade to make known our views on a subject which we consider to be of paramount importance in Canada today. Marine Industries Limited, a member of the Canadian Shipbuilding and Ship Repairing Association, is of course identified with, and subscribes in full, to the brief presented to this Commission, in Ottawa, on July 13th, 1955.

Marine Industries Limited supports without reservation the Association's recommendation that (1) from henceforth the coasting trade of Canada shall be reserved to ships registered in Canada, and (2) that from January 1st, 1957 (or some other convenient date as you may recommend) replacements of, and additions to Canada's coasting fleet shall be built without exception in Canadian shipyards.

The brief presented by the Canadian Shipbuilding and Ship Repairing Association, which puts forth the case for the Canadian shipbuilder



generally, makes the point that it is vitally essential to Canada, and in fact to all the free nations of the world, that our shipbuilding and ship repairing industry be maintained at least to the extent that in time of national emergency its capacity can be augmented manifold as quickly as possible. Recent progress in science as applied to warfare has placed greater emphasis than ever on the importance of "time being of the essence".

Mr. Leslie Roberts in his book "Canada's War at Sea" mentions the expansion of Marine Industries Limited shipyard in the early years of World War II. We of Marine Industries Limited are proud of our record and I trust, Mr. Chairman and gentlemen, you will permit me to elaborate slightly on Mr. Roberts' reference, because we believe that our experience at Sorel illustrates the importance of preserving the elements necessary to rapidly expand our national shipbuilding capacity.

Prior to World War II, as pointed out by Mr. Roberts, we were known as builders and repairers of canal-size vessels, tug boats - dredging vessels - scows - river ferries, etc. etc., and at the outbreak of war our 24 acre plant was immediately devoted to the production of smaller craft, such as minesweepers and corvettes.

In 1940, when the Allied Merchant Fleet was being sunk by enemy submarines more quickly than it could be replaced, a technical shipbuilding mission was sent by the United Kingdom to



1 investigate the possibilities of building cargo
2 ships in Canada. The steps which Canada took to
3 launch an extensive merchant shipbuilding programme
4 in 1941 are set out on pages 490 and 491, Volume 1,
5 of the History of the Department of Munitions and
6 Supply (Canada in the Second World War).

7 The survey of the situation in Canada had
8 indicated that Marine Industries Limited at Sorel
9 offered possibilities for building larger ships and
10 accordingly Marine Industries Limited, at the re-
11 quest of the Canadian Government, forthwith began
12 the expansion of its shipyard to 100 acres; building
13 and installing with all the necessary shops, ser-
14 vices and facilities, what was then the largest
15 and longest end-haul marine railway in the world.
16 That we went on to build 30 10,000-ton cargo vessels -
17 7 at a time - in addition to landing ship transports,
18 deep-sea tankers and base supply vessels is not
19 important to this presentation. What is important
20 is that because we did have a nucleus of skilled
21 and trained technicians we were finally able to
22 do the job required of us.

23 The Commission recently honoured us with
24 a visit to our plant so I am sure you will readily
25 appreciate the magnitude of the physical expansion
26 of our shipyard. However, without my pointing
27 it up you cannot realize the difficulties entailed
28 in manning a shipyard, suddenly expanded fourfold,
29 with all the various skills and crafts necessary
30 to its efficient production. Mr. Chairman and



gentlemen, when Canada's economy was geared to a wartime basis it was impossible to recruit skilled labour quickly and in any numbers, and by arrangement with the Government we were precluded from disrupting the Montreal labour market by seeking personnel in that industrial area. We required approximately 4,000 men and whilst eventually we secured them, they were composed of farmers, lumbermen, fishermen, miners and young men fresh from secondary school, and since none of them had any experience in shipbuilding it was necessary for us to set up special classes for their instruction. However, our nucleus of skilled men was able to teach the skills and train our new craftsmen in their use. But, gentlemen, all this consumed two valuable years of very precious time when Allied losses were averaging nearly 600,000 gross tons per month. (Allied losses in 1942 totalled over 7,000,000 gross tons and during the War were greater than the tonnage of the entire United Kingdom Merchant Fleet at the beginning of the War).

In a speech in Montreal last February, Dr. O.M. Solandt, Chairman of the Defence Research Board, warned that peace and possibly the survival of the world depended on the speed with which the free world's scientists and engineers can devise and perfect successive offensive and defensive weapons systems. An ever progressing science is steadily reducing the time which would be available for expansion in any future emergency



1 and conversely it has also brought about a tremendous
2 increase in the time necessary to such expansion.

3 Shipbuilding is no exception because the
4 ship of today is much more complex, more difficult
5 to build, requires more diversified skills than did
6 her counter-part of fifteen years ago and obviously
7 to train new workers would now require much longer.
8 Is it not quite conceivable that this progress in
9 science will result in a war in which North American
10 shipyards will be required to meet a demand of much
11 greater proportions than in World War II? Gentle-
12 men, we of Marine Industries Limited firmly believe
13 that when viewed in all its aspects the question
14 of the necessity of maintaining our shipbuilding
15 industry capable of immediate expansion to deal with
16 a demand far beyond our present comprehension is
17 apparent and indisputable.

18 Nor have we been content to remain idle. We
19 have constantly sought new products adaptable to
20 our facilities and new work not too dissimilar to
21 shipbuilding and ship repairing as a means of trying
22 to hold together a nucleus of our highly skilled
23 and trained men and to absorb a portion of the
24 general and fixed charges which in a shipyard
25 assume considerable proportions. Our postwar di-
26 versification of production has led us to sash and
27 door work, cabinet work, T.V. sets, electrical
28 engineering, electronics, the manufacture of in-
29 dustrial space heaters, building and repairing
30 railroad freight cars, electrical and mechanical



1 drawing on a contract basis, to mention but a few.
2 However, we have not met with what might be termed
3 outstanding success and the reasons must be immed-
4 iately apparent. Our plant is a shipyard and as
5 such does not readily lend itself to production of
6 other than ships which as you will realize are
7 usually more or less custom-made jobs; competition
8 always renders it difficult to break in into already
9 established markets and many of our highly skilled
10 trades are paid wages which render it difficult
11 for us to compete in any but the shipbuilding indus-
12 try. Our attempts at diversification have resulted
13 in a labour diversion from shipbuilding and ship
14 repairing of only some 11%. On the other hand,
15 naval work accounts for approximately 75% but the
16 naval programme has now passed its peak and it is
17 tapering off, so that with no new work forthcoming
18 we face a decline which is bound to affect our
19 shipbuilding capacity for the future.

20 We feel that our contention is amply borne
21 out by evidence given by the President of Ship-
22 builder's Council of America on July 14th, 1953
23 at hearings before a Sub-Committee of the Committee
24 of Interstate and Foreign Commerce as quoted on
25 page 481 of the Merchant Marine Studies.

26 Possibly a few facts concerning Marine
27 Industries Limited would be of interest to the
28 Commission and we have endeavoured to prepare some
29 data in anticipation of your questions.

30 Marine Industries Limited has been building



vessels in Sorel since 1917, although prior to 1939 on a very modest scale. For the period 1930 to 1939 average annual employment was 332 men, which constituted a little over 3% of the then population of Sorel. At the outbreak of hostilities this figure was increased to 1,000 and rose to 1,850 in 1940, representing about 7% of the population of Sorel which had increased at the time from about 9,000 or 10,000 to 13,000. With the expansion of the shipyard which was completed in 1942 average annual employment to the end of 1943 was approximately 6,000. From 1943 to 1946 employment had been reduced to an average of 4,000 men and from 1946 to 1954 our annual average employment has been 2,600, declining this year to somewhere around 1,800. It is interesting to note that during the last fifteen years, Marine Industries Limited has had no stoppage of work due to labour difficulties. During the period 1950 to 1954 Marine Industries Limited has paid in wages and salaries in Sorel an average of \$6,000,000.00 per annum which, as nearly as we can estimate, represents more than 33% of the total payrolls of that city. In the same period we purchased an average of approximately \$8,000,000.00 per annum in materials and services of which in excess of 10% was bought from or through local suppliers.

Marine Industries Limited believes that the coastal trade of Canada is, and should be considered, a purely domestic matter. Coastal



1 shipping is merely one link in the vast Canadian
2 transportation system and as such should not be
3 entrusted in whole or in part to any non-Canadian
4 agency or agencies and should benefit from the same
5 privileges and protection as do the other links which
6 form the overall system. We believe that Canada's
7 coastal traffic is of no international import; it
8 is a matter entirely Canadian and will not in any
9 way restrict or otherwise affect our international
10 trade.

11 I would now ask Mr. Cameron Hawken, Secretary
12 and Assistant Controller of Marine Industries, to
13 come to the witness stand.

14 _____
15
16 CAMERON HAWKEN, called.

17 MR. SIMARD: Mr. Chairman and honourable
18 members, By following the different sessions of
19 this Commission we have gathered some questions
20 that were asked, some of them have been answered,
21 some of them have been partly answered and some
22 are still unanswered. I am trying to bring into
23 light some of those points and I thought of having
24 Mr. Hawken answer some of the questions.

25 Q. Mr. Hawken, was Marine Industries
26 Limited set up under the auspices of the Canadian
27 Government?

28 A. No, our company was not set up under
29 the auspices of the Canadian Government, although
30 the expansion of our shipyard in 1941, 1942, was



undertaken at the request of the Government.

Q. Now, tell me, is the company, Marine Industries Limited, engaged in operations other than shipbuilding and ship repairing and, if so, what is the nature of such operation?

A. Well, in our attempts to diversify production and hold together our nucleus, we are engaged in the manufacture of industrial space heaters, repairing and building of railroad cars, wood sash and door work, cabinet work, and we also do dredging.

Q. What percentage of the total dollar volume is represented by the industrial work carried out in your yards since 1941?

A. Well, in the period 1941 to 1947 there was no or ^{very} little of such work. From 1948 to 1954 the percentages run about 12 to 13 percent, roughly 12.7.

Q. Of the total ---

A. Total dollar volume.

Q. Dollar volume?

A. That is right.

Q. Now, what percentage of labour employed is represented by this industrial work?

A. We have been able to divert roughly 11 percent of our total labour employment.

Q. Now, will you tell this Commission what was the percentage of gross revenue of your company from the following different sources in the period 1945 to 1955, namely, shipbuilding, ship repairing and subsidiary activities?



1 A. Shipbuilding, 52.63%; ship repairing,
2 28.16%; subsidiary activities, 18.9.

3 Q. I see. Shipbuilding is 52.63, ship
4 repairing, 28.16 and subsidiary activities, 18.9.
5 Now, it was mentioned before this Commission that
6 ship repairing was not a big item in the shipbuilding
7 industry, and this Commission has been given some
8 figures which show in the last few years an increase
9 in ship repairing. Would you have something to
10 point out on that, Mr. Hawken, about this question
11 of ship repairing that has taken a big impetus a
12 couple of years ago.

13 A. Yes. Mr. Chairman, I believe that
14 the Commission was impressed by the fact that in the
15 St. Lawrence area in the years 1951 and 1952 as
16 shown by the 6th Report of the Canadian Maritime
17 Commission, ship repairing to all intents and pur-
18 poses doubled.

19 We would like to make this point, Mr. Chairman,
20 that the figures for 1952, 1953 and 1954 include
21 the conversion and re-fit of the frigates and mine-
22 sweepers brought about, I presume, by the war in
23 Korea at that time. This, of course, is non-
24 recurrent work, and the figure in 1951 represented
25 by this conversion and re-fit work was 2,617,000.
26 In 1952 it was 10,300,000. In 1953, of a total
27 of \$20 million ship repairing, there was \$17
28 million in this naval work. In 1954 of \$13 million,
29 \$9 million was represented by this naval work.

30 You will readily appreciate that this reduces



the ship repairs down to very close to an average of 4,800,000 or 4,700,000 in any year.

Q. Now, was that work repairs that were done to those ships?

A. Well, it was conversion.

Q. Would you consider that the repair was such that it was the same ship that came out after but it had just been brought up-to-date?

A. No, not at all.

Q. Or was it a completely different ship?

A. It was a completely different ship.

Q. And do you feel that normally you would call that a complete change of the ship?

A. A complete change, yes.

THE CHAIRMAN: You know, for some statistics conversions are thrown into repairs, and for other purposes, for instance under the Customs Act, they are separated from it.

A. I would presume so, Mr. Chairman. The only light I can throw on that is that in this table of the Canadian Maritime Commission it says the value of repairs and conversions, and we felt that perhaps the Commission had not been sufficiently impressed with the importance of the dollar volume of the conversions that were included in the repairs.

MR. SIMARD: Q. Tell me, Mr. Hawken, would the subsidiary activities compensate for the lack of shipbuilding and ship repairing?

A. No, not in our yard.



1 Q. Now, would you give this Commission
2 the number and type of ships that Marine Industries
3 built during the war?

4 A. Well, during the war our total produc-
5 tion comprised 59 units. There were 11 corvettes,
6 4 minesweepers, 2 base supply vessels, 3 tankers, 30
7 10,000-ton cargo vessels, 1 L.S.T. (that is a landing
8 ship transport) completed, and 4 L.S.T's in various
9 stages of construction at the cessation of hostili-
10 ties. We also converted 4 very old canal-sized
11 ships to colliers for use in the transportation of
12 coal in Canada.

13 Q. Has Marine Industries Limited been
14 engaged in any shipbuilding and ship repair work for
15 defence or reconstruction work since 1945 and, if
16 so, what was the nature of the work and how many
17 employes were engaged in those years since 1945?

18 A. Well, we had the conversion and out-
19 fit of 2 Fair Mile motor launches, the conversion
20 of the 3 minesweepers and 3 frigates which were
21 mentioned a moment ago; the construction of H.M.C.S.
22 Labrador, the Arctic Patrol vessel; the construction
23 of one A.M.C. minesweeper, one M.C.B. minesweeper,
24 and the construction of 2 destroyer escort vessels
25 and 2 munition lighters. The latter 5 vessels
26 have not been completed.

27 Q. This is for defence?

28 A. This is national defence.

29 Q. Now, did Marine Industries carry on
30 any mercantile or commercial -- but we do not want



1 to use the word commercial as it could be used as
2 industrial -- mercantile shipbuilding and ship repair-
3 ing work during the period 1941 to 1945?

4 A. Well, the only commercial work that
5 was done in our yard was the laying of the keel of
6 the Prince Edward Island car ferry, Q.M.S.V. Abaqweit,
7 which was not advanced to any extent due to our
8 difficulties in obtaining materials without the
9 benefit of priorities. We were still at war at
10 that time. It would also be very difficult to
11 attempt to establish the number of employees who
12 might have been engaged on fabrication and laying
13 of the keel and the little work that was done on the
14 vessel since the war.

15 Q. Since 1945 has Marine Industries
16 Limited undertaken any mercantile work, commercial?

17 A. Yes, we finished the Abaqweit. We
18 have built 2 river ferries. We have converted 7
19 of these landing ships to pulpwood barges.

20 Q. Excuse me, the 2 river ferries, you
21 mean small boats?

22 A. They were 2 for use in the St. Law-
23 rence River, one in the Ste. Angele -- Trois
24 Rivières service, the Laviolette that the Commis-
25 sion used to visit the harbour facilities of Trois
26 Rivières.

27 We converted 2 wartime frigates for the
28 Department of Transport as weather ships for use
29 in the Pacific Coast. We have built 2 canal-
30 size oil tankers. We have converted one large



1 Upper Lake-type of tanker for the deep-sea trade.

2 We converted 3 corvettes to tugs for the Chinese
3 people.

4 We have built a disposal scow which is unique,
5 I think, in the dredging operation. This scow
6 comprises a crusher that crushes stone and then
7 through a screen to get the stone the proper size,
8 and the stone is then pumped ashore.

9 Q. For use where?

10 A. This was for the Hydro Quebec interests.

11 Q. Where?

12 A. At Beauharnois.

13 THE CHAIRMAN: That is the thing known as a
14 growler?

15 A. That is the thing known as a growler.

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20 (Page 4325 follows)
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1 MR. HAWKEN: We have also built the biggest
2 hydraulic suction dredge in the world, also for
3 the Hydro Quebec people for use at Beauharnois.
4 We have built sixteen fishing trawlers, four
5 7,200-ton cargo vessels, and six 2,600-ton
6 combination cargo, tanker and passenger vessels.

7 MR. SIMARD: Q. Tell me, were these ships
8 built for Canadian waters, those particular trawlers
9 and cargo vessels?

10 A. No, for French interests.

11 Q. How come Canada with such high costs
12 would build ships for France?

13 A. Well, I think that this arose from the
14 credits which were extended to France -- were they
15 not? Canada extended credits to France and I
16 believe that Canada put up 80 cents of every dollar
17 that was spent in Canada in this ship building.
18 This shipbuilding program, if I recall correctly,
19 emanated from that factor. We also built one
20 ladder dredge and several scows.

21 Q. Is Marine Industries Limited engaged
22 in any commercial, mercantile shipbuilding or
23 ship repairing at the present time?

24 A. We have this year converted two of the
25 by now famous L.S.T.s to pulpwood barges. We
26 have built one dredge and begun construction of
27 another. We have built two 400 cubic yard dump
28 scows and anticipate the construction of two more
29 500-ton scows. We have also built one small river
30 ferry, which I don't think is important enough to



1 mention.

2 Q. On the question of skilled men in the
3 shipyards different parties have tried to impress
4 this Commission with the fact that some skills
5 are reserved to shipbuilding. Tell me what skills
6 are necessary for shipbuilding which are not
7 required in the other industries.

8 A. Well, primarily loftsmen, draughtsmen,
9 ship carpenters, pattern makers, and fitters.
10 But it should be borne in mind that even the most
11 highly qualified among other trades, such as
12 electricians, welders, tinsmiths and rivetters,
13 not familiar with shipbuilding are only capable
14 of beginning as helpers to the skilled trades in
15 shipbuilding. And in some instances our experience
16 has shown that even the highly qualified of these
17 other trades must undergo special training of
18 anywhere from six months to two years before
19 being acceptable as highly skilled in their trades
20 for shipbuilding.

21 Q. Now, there is another point that also
22 seems to be ticklish, and that is as far as
23 trying to find the answer to it. It is the
24 question of the nucleus of skilled help. Does
25 Marine Industries Limited subscribe to the
26 recommendation of the Canadian Maritime Commission
27 that a nucleus of 7,000 employees should be
28 maintained in the Canadian shipbuilding and
29 ship repairing industry?

30 A. Very definitely. We feel that the



1 situation in any future emergency is bound to be
2 more urgent than in the Second World War and doubtless
3 the Canadian shipbuilder must necessarily carry
4 further responsibilities, and we feel that the
5 industry must be self-sufficient and self-contained.
6 We also feel, in view of this, in the light of the
7 present day complexity of ship construction, the
8 Maritime Commission might possibly wish to revise
9 the figure that they put out of 7,000, which I
10 believe was back in 1949, if I am not mistaken.

11 Q. And for our own company, for Marine
12 Industries Limited, could you give to this
13 Commission an idea of what would be a nucleus
14 of such skilled and trained employees and whether
15 you could keep those skilled and trained workers
16 alone or whether, if you have them, those people
17 have to be served and they have to have the help
18 of others?

19 A. That's right. I figure that taking
20 all things into consideration, Mr. Chairman, in
21 Marine Industries we would require probably close
22 to 2,000 men. That includes the nucleus of
23 skilled employees and it also includes what
24 might be called the man behind the man behind the
25 gun. I think the Royal Canadian Air Force --
26 perhaps this is not too relevant but it might
27 illustrate the point that I would like to make--
28 the Air Force has estimated that it takes close
29 to, if I recall correctly, a hundred men to keep
30 one man in the air. While the comparison is



1 perhaps exaggerated somewhat I would like to make
2 the point that it does require more than just the
3 skilled labour to maintain the nucleus.

4 COMMISSIONER WICKWIRE: Q. That figure includes
5 administrative help?

6 A. Yes, it would include all the subsidiary
7 services such as cleaners and helpers and those
8 engaged in the transportation of material for the
9 berths and what-not.

10 MR. SIMARD: Q. Tell me, if any other method
11 were found to maintain a nucleus---

12 THE CHAIRMAN: Q. There is no skill in a
13 cleaner or helper. Surely you could get those
14 overnight?

15 A. If you have the opportunity, Mr. Chairman.

16 Q. Do you mean they would be hard to get?

17 A. I would imagine so at the rates which
18 we could afford to pay.

19 Q. Oh, no, there would surely be a complete
20 direction of manpower. Nobody would be able to
21 sit back and say: "I prefer to raise hyacinths."
22 He would be told "You will be a cleaner at
23 Marine Industries at Sorel. Get down there."

24 A. Quite true. We are talking of preserving
25 a nucleus at this time. We could not pay the
26 men to sit around and do nothing.

27 Q. You say in order to have these skilled
28 workers employed there would have to be others
29 to serve them?

30 A. That's right.



1 MR. SIMARD: Q. The point is that you cannot
2 keep a nucleus and have them wait there and wait
3 indefinitely for an emergency.

4 THE CHAIRMAN: Well, you could not have anything
5 like your hundred to one ratio that you mentioned
6 a moment ago?

7 A. I mentioned that the comparison was a
8 bit exaggerated.

9 Q. You mentioned it was a bit exaggerated
10 but it would surely have to be terribly exaggerated
11 to justify any retention of unskilled workmen when
12 they can be obtained more or less off-hand?

13 A. That is perfectly true, Mr. Chairman,
14 but the proportion instead of being a hundred to one,
15 as I mentioned, would rather be, I would say, one
16 to a quarter, possibly.

17 Q. So that out of 2,000 there would be about
18 1,600 skilled personnel and 400 service people?

19 A. That's right.

20 COMMISSIONER WICKWIRE: Q. I think the Army
21 fought more efficiently than that. I think it
22 was about one to eight, something of that nature.

23 A. I don't know what it would be in the
24 Army, sir.

25 Q. However, the comparison I don't think
26 is a fair one because you have one man flying in
27 a machine in the air at 600 miles an hour and
28 that is quite a different thing?

29 A. Yes.

30 MR. SIMARD: Q. If any other method were



1 found to maintain a nucleus at Marine Industries
2 would it be acceptable to your company?

3 A. Well, I think that we would feel that
4 other methods might prove cumbersome and difficult
5 of administration, if not impractical, and so for
6 the time being we prefer to strongly support the
7 Association's recommendation that the coastal trade
8 of Canada be restricted to vessels on the Canadian
9 register and built in Canada.

10 Q. Now, nearly everywhere this honourable
11 Commission has been sitting -- maybe I am taking
12 the questions from the counsel here, but I would
13 rather go at it first than be faced with a question
14 that is unexpected -- it has had this question of
15 subsidy before it. Would you tell us, Mr. Hawken,
16 have you considered this question of a subsidy
17 as a remedy and what do you think if a subsidy were
18 to be given to the shipbuilders?

19 A. Well, I think a subsidy for ship
20 construction might be only a partial solution to
21 our problem and I doubt that it would be a popular
22 or a permanent solution. I also doubt that it
23 would be a solution acceptable to the Canadian
24 Government. I know that Mr. Mundell yesterday
25 mentioned something about a permanent subsidy by
26 legislation. I must confess I am not qualified
27 to discuss that. But, ordinarily speaking, I
28 think a subsidy has to be brought down in the
29 budget of the Minister of Finance in his estimate
30 and has to be voted by Parliament. And it would



1 rob us of the possibility of proceeding upon any
2 long-term planning. On the other hand, the coastal
3 trade is purely a domestic matter and is only one
4 link in our vast domestic system of transportation,
5 and it would be more conducive to long-term planning
6 in Canadian shipbuilding and ship operation if we
7 could see the potential that was ahead of us.
8 Figures have been brought out about the potential
9 replacement of ships on the Lakes. I think the
10 Canadian shipbuilders, if they had something like
11 that, to count on, rather than a subsidy which
12 could be discontinued at any time, would be in a
13 much sounder position to proceed.

14 THE CHAIRMAN: Q. Oh, well, there is nothing
15 so terrifically permanent about an amendment of
16 a statute to restrict to Canada the coastal trade.
17 And, let me tell you if this Commission did
18 recommend such a restriction and the Government
19 did put it in legislative form, the Government
20 could take it out of legislative form just as
21 soon as your prices started to go sky high. So
22 you could not count on the restriction being a
23 permanent wall for the rest of natural time.

24 A. Admittedly, Mr. Chairman, but at least
25 it would be there by legislation.

26 Q. The subsidy is there by legislation.
27 A subsidy does not just come down a drain; it
28 must be approved by Parliament. It is just about
29 as permanent as legislation.

30 A. My thinking would lead me to believe



1 it might be more difficult to remove legislation
2 already established than to have a subsidy --
3 excuse me; it might be more difficult to remove
4 established legislation than it would be to have a
5 subsidy discontinued.

6 Q. Your thinking might also well be that it
7 is more difficult to put it on in the first place?

8 A. Yes, I presume it would be.

9 MR. SIMARD: Q. Now, in your belief, Mr.
10 Hawken, do you think that Marine Industries Limited
11 would enjoy more shipbuilding if the restriction
12 recommended by the Association were imposed?

13 A. Yes.

14 Q. Why?

15 A. We feel in an expanding economy any
16 aid to expansion is bound to accrue to the
17 benefit of all and we feel that more particularly
18 with the plant of Quebec Iron and Titanium at
19 our doorstep, at Sorel. Their ore has to come
20 in by water. And there is the trans-shipment
21 point of the Iron Ore Company just a few miles
22 upstream. Also with the industrial development
23 potential of the South Shore of the St. Lawrence
24 River, we feel that any restriction that will
25 reserve the coasting trade of our country to
26 Canadian-built ships could not but help accrue
27 to the benefit of Marine Industries.

28 Q. Thank you, Mr. Hawken.

29 MR. GERIN-LAJOIE: I think Mr. Simard
30 should proceed with his second witness.



MR. SIMARD: I will now call Mr. F. Paul-Hus.

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1 Le témoin

2 FERNAND PAULHUS,

3 étant interrogé dépose comme suit :

4 Me SIMARD : D- Monsieur Paulhus, votre occupation à
5 Marine Industries vous amène à faire des cal-
6 culs, des tabulations, à ramasser les infor-
7 mations nécessaires sur les coûts, par heure
8 et en dollars, sur les différents projets de
9 construction que Marine Industries a entre-
10 pris ou entreprend actuellement ?

11 R Oui, monsieur .

12
13 ---EXHIBIT NO. 150: Folder containing 5 graphs
14 numbered A, B, C, D and E,
15 illustrating costs of Marine
16 Industries Limited on
17 different projects.
18

19 D Si vous voulez, M. Paulhus, on va regarder
20 ensemble ces différentes tables qui ont été
21 préparées à la lumière des coûts actuels, de
22 l'expérience de Marine Industries dans le
23 passé. Alors, on a la première, qui est le
24 graphique du nombre d'employés à Marine In-
25 dustries avant la guerre, pendant la guerre
26 et après la guerre, divisé en trois parties.
27 Alors, sur le graphique "A", vous avez la li-
28 gne qui indique les moyennes pour chaque année.

29

30



Maintenant, ça, ce sont des moyennes qui ont été prises... chaque point indique-t-il l'année?

R Non, chacun des points indique la moyenne durant cette année-là. Maintenant, si vous remarquez, en 1947 il y a une moyenne de 6063 avec un sommet de 6678. On voit aussi que durant la guerre, notre moyenne durant les années 1944 à 1946 était de 4130 hommes et que la période d'après-guerre, de 1945 à nos jours, nous avons eu un haut d'environ 3000, et la moyenne est d'environ 2185, et nous sommes actuellement descendus, en 1955, à date, à 1800.

D Maintenant, quand vous donnez ce nombres d'hommes-là, les 1800, mettons, ou la moyenne de 2185, est-ce que ça inclut seulement que les gens spécialisés, est-ce que ça inclut seulement les gens à l'heure ou si ça inclut le personnel en entier de Marine Industries?

R Ca inclut tout le personnel de Marine Industries pour les constructions maritimes.

D Les employés à l'heure, les surintendants, dessinateurs, etc?

R Oui.

Me SIMARD : Dans le deuxième tableau, c'est la distribution des ouvriers, par occupation, durant la construction d'un navire. C'est le graphique "B".

Lorsque cette Commission royale a siégé à d'autres



endroits, on a demandé le nombre d'employés qui servaient à une construction de navire, et M. Larry, à Québec, avait donné un chiffre de moyenne d'employés requis pour la construction du navire. Tant d'employés durant tant de mois pour construire un navire de tant. Nous avons fait préparer ce graphique afin de démontrer à cette Commission les différents corps de métiers, et je demanderais à M. Paulhus de bien vouloir expliquer le graphique, la teneur du graphique.

M. PAULHUS : R- Nous avons d'abord basé ce graphique-là sur la construction d'un bateau qui demanderait environ un million d'heures de travail à compléter et sur une période d'environ treize mois. Nous avons listé, à gauche, les différents corps de métiers qui entrent dans la construction du bateau et aussi, indirectement, le nombre d'hommes maximum dont nous avons besoin au cours de cette période-là qui est d'environ 1168, qui sont des gens de différents métiers.

D Est-ce qu'il s'agirait là d'un navire pour la Défense ou d'un navire commercial?

R Ca peut s'appliquer aussi bien sur un navire commercial que sur un navire de Défense. Maintenant, sur un navire de Défense, il y aurait peut-être quelques classes de métiers qui seraient plus employées que sur un bateau commercial.



Me GERIN-LAJOIE: D- Est-ce qu'il n'y a pas une dif-

1 férence très considérable dans le nombre
2 des électriciens employés sur un navire de
3 guerre que sur un navire commercial?

4 R Oui.

5 D Une différence de quel ordre? De cent pour
6 cent ?

7 R Oui, je dirais qu'au moins le double d'élec-
8 triciens sont requis pour une construction
9 pour la Navy.

10 Me SIMARD : D- Pour une construction commerciale?

11 R Tout dépend si on fait avec Diesel ou Remote
12 Control ou si on fait un bateau à vapeur ou
13 Diesel ordinaire; et même si on compare un
14 bateau commercial équipé avec moteur à vapeur,
15 la comparaison avec un bateau pour la Navy
16 serait de un à trois. On emploierait trois
17 fois plus d'électriciens dans ce cas-là. Ici,
18 sur le graphique, on a indiqué la moyenne des
19 hommes qui seraient employés, qui est de 430,
20 et le nombre total des différents corps de
21 métiers dont nous avons besoin pour la cons-
22 truction est de 1168, ce qui représente 250
23 pour cent de plus que la moyenne d'hommes qui
24 sera employée.

25 D Si je comprends bien, il y a trois chiffres:
26 d'abord, il y a une moyenne d'hommes employés
27 durant la période, 430 hommes?

28 R Oui.

29

30



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- 1 D Vous avez un maximum d'hommes employés à
2 un moment donné, qui est la période du lan-
3 cement: 730?
- 4 R Oui.
- 5 D Et, en prenant d'autres corps de métiers dont
6 vous avez besoin aux différents intervalles,
7 vous avez besoin d'un chiffre de 1168?
- 8 R Oui.
- 9 MONSIEUR LE COMMISSAIRE BELANGER :
- 10 D En d'autres termes, vous avez besoin de 1168
11 hommes pour maintenir une moyenne de 430 ?
- 12 R Oui, monsieur.
- 13 D A cause de la diversité des différents métiers
14 et à cause du fait qu'on ne peut pas les em-
15 ployer tous en même temps?
- 16 R C'est cela.
- 17 Me SIMARD : Et aujourd'hui, du fait que, pour
18 question d'union et ces choses-là, les hommes sont
19 catalogués. Avant, on avait un homme qui faisait
20 deux ou trois métiers, ou un Jack of all trades. And
21 now, in the shipbuilding trade, Jacks of all trades
22 have no place.
- 23 Me GERIN-LAJOIE : D- Est-ce que ce chiffre est un
24 chiffre intermédiaire entre un vaisseau de
25 guerre et un bateau commercial?
- 26 R Oui.
- 27 D Je me demande si ce sont des chiffres réels
28 sur des choses qui ont été construites ou une
29
30



moyenne entre un bateau de guerre et un bateau commercial?

R C'est une moyenne des deux .

Me SIMARD : Il faudrait dans un cas l'augmenter et dans l'autre le diminuer.

Me GERIN-LAJOIE : Je crois qu'il serait utile d'avoir un tableau montrant les chiffres concrets sur un navire de guerre et sur un navire commercial, ou superposer les deux.

M. PAULHUS : C'est possible de faire cela.

Me SIMARD : D - Croyez-vous que si une compagnie comme Marine Industries entreprenait la construction de navires en série, qu'il y aurait une économie de la part du client de faire construire plusieurs navires ou d'avoir plusieurs clients qui ont besoin de navires similaires? Croyez-vous qu'il y aurait une économie sensible?

R Oui, je crois qu'il y aurait une économie considérable et, à cet effet-là, nous avons préparé trois graphiques basés sur le cas des bateaux construits pour la France il y a quelques années. Le premier graphique, "C", a été basé sur la construction de quinze chalutiers ou navires de pêche, pour la France. Le premier graphique indique la diminution du nombre d'heures qui est requis si on construit un, cinq, dix ou quinze vaisseaux en

même temps. La réduction de la main-d'oeuvre est occasionnée à cause de la répétition du travail. Les gens deviennent plus habitués avec leur ouvrage; ça devient une seconde nature chez eux. Ensuite, il y a la réduction sur la question des dessins, des patrons. Naturellement, on fait seulement une série de dessins et de patrons qui sont sur tous les cinq bateaux, et le coût est divisé en cinq et attribué à chacun des bateaux.

Maintenant, le deuxième graphique nous montre aussi que les frais généraux et d'administration aussi sont diminués dans une assez large proportion.

D Maintenant, si on regarde le premier graphique, c'est dans les cinq premiers navires que la diminution est la plus accentuée?

R Oui.

D Et de cinq à dix, la courbe se redresse à mesure?

R Oui.

D Mais c'est dans les quelques premiers bateaux qu'il y a une économie considérable?

R Justement.

D Alors, vous montrez ici que si vous avez un bateau comme ceci, un chalutier, que le premier bateau vous coûte \$500,000; que le deuxième vous coûte \$450,000, et que le troisième coûte \$400,000, et le cinquième coûte \$350,000?



t/55

R

Justement, en assumant que le premier coûte \$500,000.

D

Maintenant, vous avez fait le même graphique pour la construction de navires de 2600 tonnes, qui sont des navires commerciaux?

R

Oui, qui sont des navires commerciaux d'environ 300 pieds de long, mus par des moteurs Diesel, que nous avons construits pour la France en 1948-49. C'est le graphique "D". C'est sensiblement la même chose que les autres, mais basé sur un autre genre de bateau. Dans ce cas-là nous avons six bateaux à construire, du même modèle, et puis, en assumant un prix total de \$2,700.000 pour le premier, sur le deuxième bateau, une économie de \$190,000; sur le troisième, \$340,000, etc jusqu'au sixième où le prix du bateau est de \$2,300.000.

D

Il y aurait une économie de \$570,000. sur un bateau de deux millions?

R

Justement.

D

Maintenant, le graphique "E", qui est basé sur l'expérience des 10,000 tonnes construits durant la dernière guerre, avec les chiffres ramenés aux taux actuels. Voulez-vous dire comment vous avez procédé, parce que les chiffres donnés ici ne sont pas le coût de ces navires à l'époque où ils ont été construits. Voulez-vous dire à la Commission comment vous avez procédé, tout en suivant les taux actuels, pour



arriver à un prix qui serait à l'ordre du jour, up-to-date?

R Dans ce cas-ci, nous nous sommes basés sur le nombre d'heures qui avaient été prises pour la construction de ces bateaux et on a fait la correction pour les taux des salaires: ceux qu'on avait dans le temps, 80 cents de l'heure, et aujourd'hui, \$1.45 environ.

Pour ce qui est de la partie matérielle, nous nous sommes basés un peu sur des coûts qu'on a préparés depuis peut-être deux, trois ans, sur des bateaux un peu semblables, pour établir le prix du matériel qui entrait dans ces bateaux-là; et alors, nécessairement, ce prix de \$3,200.000 c'est plutôt une indication qu'un prix exact de ce que coûterait un de ces bateaux-là aujourd'hui. Encore ici, on vous montre ce qu'on peut économiser en construisant de un à dix bateaux et qui est de presque \$800,000 sur le dixième bateau.

(Page 4343 follows)



1 MR. SIMARD: If you have any questions to
2 ask Mr. Paul-Hus on this chart he will be glad to
3 answer them.

4 COMMISSIONER WICKWIRE: I just have one,
5 that is on the savings on building a number of ships
6 and the fact that you built a number, there are
7 some savings and you have shown there are. I
8 suppose the same thing would apply to ships built
9 anywhere, would it not?

10 MR. SIMARD: Yes, sir, but I would like to
11 mention that the ships right now, the figures that
12 we took on Canadian-built ships as compared with
13 the U.K. ships, the figures given to this Commission
14 were in the order of about two-thirds; the cost
15 in England of building a ship is about two-thirds;
16 but in England they have reached a stage of building
17 ships on mass-production, while in Canada today if
18 you ask a shipyard for a quotation on a ship, maybe
19 it is the only ship they will build in a year,
20 and this ship has to bear the whole overhead, the
21 whole charges. If the shipyards were building
22 many ships of the same type, and even if they were
23 not of the same type, the charges, the fixed
24 charges, the overhead, would be spread, and in a
25 shipyard that was busy and could make this spread,
26 the saving that they claim in having ships built
27 in England would be reduced tremendously. As
28 we have shown by these figures, they would go
29 down, and if we had five ships built it would go
30 down to 75 percent as compared to 100 percent,



and the other one is $66 \frac{2}{3}$, so that the gap is then very small.

THE CHAIRMAN: If that is the gap, if that is the variation, but we had a pretty graphic example yesterday of just twice, and we had the same example on the other side of the country.

MR. SIMARD: Yes, I imagine, depending on the different type because again it is based on how much work they have and how little there are here. It is like on engines, they are ---

THE CHAIRMAN: Then you say that this great addition price in Canada is due to the attempt to load the whole overhead on this one ship? That is the only business I have heard of where you hope to get along by loading all your overhead onto one order.

MR. SIMARD: If it is the only order that you have. It is not healthy and it is not normal, I agree with you. In many instances that is the reason why the shipyards had such a big burden and we give some figures that look so much apart. You see, if you want to start building some diesel engines here as compared with a diesel engine that has been mass-produced, well, the price goes just the same way as with an automobile. Anything that has repetition volume means a big saving.

COMMISSIONER BELANGER: So you mean that if the coastal trade were reserved to Canadian-built vessels, that would keep your yard busier and the difference between the cost of the Canadian and



U.K. ship would be reduced to a certain extent?

MR. SIMARD: Definitely, by a big margin.

THE CHAIRMAN: Not by the whole amount, Mr. Simard, which these figures show, because these figures are depending on repetition of the same ship and you would not have all that saving. As you told us, each ship is to a certain extent a custom-made job. You could not expect five owners in a row to come along and order a 15,000-ton freighter or 10,000 tanker, or 4,000 tanker. Each one would have a different idea of how he wanted his ship built. So altogether your savings, I think, would not be as great as those which you have indicated here.

MR. SIMARD: No.

THE CHAIRMAN: Of course, it is inevitable that you are saving, but I say that those fractions would have to be put under that.

MR. SIMARD: Yes, there would be some fraction, but, for instance, we have not given much emphasis to how the fellow would be more trained in building those ships there, and having a number of people that you can shift around in a course of employment there. You know, if you have a man working on something and he knows he is just working himself out of a job, it is hard for that fellow to give a lot, but if you can tell him, "Well, when you finish that there is another thing starting there ---"

THE CHAIRMAN: Yes, I guess that is a very



1 real thing in labour relations. Nobody wants to
2 work himself out of a job, and if there is no further
3 job to do he won't go rushing at it. If there is
4 a job, they are after it.

5 COMMISSIONER BELANGER: Mr. Simard, taking
6 one of the graphs you have shown us, let us say
7 graph No. E, the first part of graph E shows a reduc-
8 tion in labour cost on account of non-repetitive
9 work in drawing office, etc.

10 MR. SIMARD: Yes.

11 COMMISSIONER BELANGER: I think this first
12 part of graph E would apply for the mass-construction
13 of ships of the same kind, but the second part of
14 your graph, which is the declining overhead rate,
15 this would apply to any construction, whether it
16 is of the same type or not.

17 MR. SIMARD: Exactly.

18 THE CHAIRMAN: Yes, but there would be an
19 element of the first one which would apply for con-
20 struction of different orders too. Mr. Simard
21 has pointed out the element of learning how to
22 do a job in a shipyard and being able to do it
23 much better than having two years between such
24 jobs; secondly, the feeling that you are not work-
25 ing yourself out of a job so that you will go
26 ahead and work at the normal high production pace.
27 That might be a very considerable difficulty
28 and it has some weight. The mass-production sys-
29 tem of the North American Continent does not seem
30 to be successful in shipbuilding. People would



not be so very anxious to be so very efficient as they are in a plant having two years production to go through that plant and everybody in the plant knowing it. Those people might not be very careful about being most efficient when that is their only job. This is the first time that has been mentioned since this Commission started and I think it is very important and a very difficult thing to weigh.

COMMISSIONER BELANGER: Then you will save on overhead and you will even save on labour due to the fact mentioned here.

THE CHAIRMAN: Work produced in one hour, one day.

COMMISSIONER BELANGER: So your figures are not too unrealistic.

MR. SIMARD: We think so, and this is where we link all that together. As a matter of fact, the Shipbuilding and Ship Repairing Association claim that for national defence alone, if it was only for national defence, we need a nucleus of workers, we need some strategic point shipyards in this country, and we have to weigh it right now by bringing back to Canada something of our own that you will serve with national defence without any cost with the nucleus of men -- the system of shipyards will be in operation at no cost because the shipyards, we think, will have enough of commercial work, this commercial work will bring the repairs, the service

COMMISSIONER WICKWIRE: Who is going to pay



that cost, Mr. Simard?

MR. SIMARD: The cost?

COMMISSIONER WICKWIRE: The additional cost of building ships.

THE CHAIRMAN: No manna from heaven. It is going to cost. It is a question of where it is going to come from and how carefully it is hidden, that is all. When it comes from the Government in a subsidy you can pick it up and read it right in the budget. When it comes from time sheets and the like we pay higher freight rates, you cannot read it in the budget and you cannot add it up, but it is coming just the same.

MR. SIMARD: But when we talk about rates -- I was sitting in on the hearings of this Commission, with a watching brief, when the Commission was sitting in Newfoundland, and our good friends of Newfoundland, though they have not been part of Canada for very long, are learning more and more about this country and have benefited on some fields, and they have expressed a fear about the increase of transportation cost in their commodities and things like that. Well, the cost of transportation is very small as compared with the object carried. Take the figures that were put before this Commission by the Clarke Steamship Company as the cost of transporting in reserved Canadian ship as compared with the non-Canadian ship, it is a fraction of a cent on some commodities.

COMMISSION WICKWIRE: Supposing they are



small, who is paying them?

MR. SIMARD: Who is paying it?

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1 COMMISSIONER WICKWIRE: Q. Yes?

2 MR. SIMARD: Partly the producer may decide
3 he wants to have his products sold at that price,
4 partly by the intermediate, the wholesaler. Or
5 it may be that the retailer is finding out that
6 by increased volume its mark-up can be reduced.
7 And there will be the consumer who may have a
8 decimal of that. This to our mind will level out
9 at the different stages of the economy or through
10 the different people, as was mentioned previously,
11 the cost of carrying the goods.

12 Q. If National Defence is your main
13 argument, and I take it it is, why shouldn't the
14 additional costs be borne by the people as a whole,
15 Canada as a whole, rather than the people who buy
16 these services, use the services and consume the
17 goods carried?

18 MR. SIMARD: Maybe. But as our witness,
19 Mr. Hawken, expressed it, on this question of
20 subsidy, to us a subsidy is given to an industry
21 as a kind of remedy and more on a temporary basis,
22 while we have some right, we have the Canada
23 Shipping Act, and we are giving some privilege
24 to one country, not to all of them. It is
25 restricted to one country. And due to that
26 privilege we have an industry that is linked
27 with our economy that has to suffer from it.
28 To me it is just that we want to come back to
29 our own right. We feel that Canada must be self-
30 supporting. Canada must be not subject, for



example, as I have mentioned earlier, to strikes. Strikes can occur at this time of the year and during this period of the year in the Port of Montreal we see a great increase in movements of ships. If suddenly they were to stop we would have no bottoms. A system whereby we still carry a certain amount in the inter-coasting trade that is Canadian, that exists, but our fear is that they might depart from it because they might not suffer competition very long. Instead of expanding it will be diminishing. And should the Canadians who are already in the coasting trade get out, then we are at the mercy of the others. And how do we know there will not be only one country that will have the privilege and that country will decide on rates, and we might find it would cost much more? The various companies have submitted their costs to this Commission. The Canadian companies have submitted their costs. The rates established are based on costs. But the others, just as has been mentioned, under rate. And, as you know, it has been difficult to get information on costs, their costs. We just don't know. We have been asked in some instances to give a quotation to carry ore from Havre St. Pierre to Sorel. We won't give a quotation because we know they say to the other company "Marine Industries is offering to take ore from Havre St. Pierre to Sorel at so much. What is your price?", and the answer is "Five cents less."



1 THE CHAIRMAN: Q. All right, then, you
2 know how to handle that kind of competition. If
3 you go back and offer another five cents less, then
4 you will get some real bargaining going.

5 MR. SIMARD: We may, Mr. Chairman. We see
6 how those rates vary from year to year and from
7 month to month within a year. Rates last year that
8 were \$4 for some item, this year were \$12. In one
9 case there -- one I think I can mention to this
10 Commission -- this company, Quebec Iron and
11 Titanium, went into negotiations with a British
12 firm to carry their ore from Havre St. Pierre
13 to Sorel. They got a contract for 300,000 tons
14 at so much per ton. They began to carry that.
15 Everything was fine. Then along came the season
16 when the smelter at Sorel was eating a lot of that
17 ore. They had to call the company and say "Are you
18 coming with the ore?". The reply was "No, we are
19 carrying sugar and we are in a profitable trade
20 now. When we have no profitable trade we will go
21 and carry your ore.", and they said "But we have
22 not closed the plant.". The reply was "We could
23 go but it would have to be at a premium. We can
24 carry that ore next summer or next fall.". They
25 had overlooked that possible consequence. That
26 is just to show it was not based on costs, and
27 the prices given were distress rates.

28 COMMISSIONER WICKWIRE: Q. Mr. Simard, is
29 there any Seven Islands' ore carried by contract?

30 MR. SIMARD: At Seven Islands I don't know,



1 sir.

2 Q. If you make a contract to carry the ore
3 for a year or to carry so many million tons, how
4 is the other fellow just going to come and carry it
5 when he is available? For instance, if there is
6 a fancier rate in the Mediterranean he may go there.

7 MR. SIMARD: Yes.

8 COMMISSIONER WICKWIRE: If he is under
9 contract how can he do that?

10 MR. SIMARD: Well, they take a contract to
11 carry so many tons of ore in a season but it doesn't
12 say what time of the season it will be carried.
13 They will see how the trend in ^{the} international field
14 is. And, as was mentioned before to this Commission,
15 Britain might develop in South Africa a trade that
16 is more paying than the trade they have had here
17 and they will just pick up and remove all the
18 ships. If we are at their mercy what could we do?

19 THE CHAIRMAN: They cannot remove them
20 against contract firms.

21 MR. SIMARD: No.

22 THE CHAIRMAN: That would apply to a
23 general tramper. And if it continued beyond the
24 end of a charter, it would apply to those on a
25 time-charter. If you are on a time-charter you
26 cannot go out like that.

27 MR. SIMARD: If they are on contract, they
28 would be on short-term contracts, a one-year
29 contract.

30 THE CHAIRMAN: Yes, but still the point is



that freight rates vary per month and per day.

You have been mentioning that very fact just now.

It must be a variation of a longer term than that to be of a particular danger to the Canadian ship operator -- the Canadian shipper.

MR. SIMARD: Yes, but you have a group that go on a contract and you have tramp ships in between. It is just that difference in between that is bothersome.

That is all. Thank you.

THE CHAIRMAN: Well, now, are there any further questions?

MR. GERIN-LAJOIE: Mr. Chairman, you and your fellow Commissioners have already asked a number of questions. As has been the case with other shipyards appearing before this Commission, and all Canadian shipyards, I believe, a questionnaire will be sent to Marine Industries Limited and I believe Mr. Simard and his colleagues will answer that questionnaire in due time. So I don't have many questions. Perhaps I should ask Mr. Paul-Hus if he is in a position to say off hand what percentage of productive labour wages, overhead, and equipment there is in a commercial ship. What proportion, first, would there be in wages of productive labour?

MR. PAUL-HUS: That would vary from---

Q. Productive labour -- that is excluding, of course, all administrative personnel.

MR. PAUL-HUS: Yes. 20 per cent to 35



1 per cent.

2 Q. How much would there be in overhead costs?
3 That would include administrative and so forth.
4 What percentage?

5 MR. PAUL-HUS: Well, that would depend very much
6 on the rate of overhead at that time, which would
7 vary according to the number of men that are employed
8 in the yard.

9 Q. What would be the percentage involving
10 the costs of equipment bought outside the yard from
11 suppliers?

12 MR. PAUL-HUS: Oh, from 45 per cent to 55 per
13 cent.

14 COMMISSIONER WICKWIRE: What was the figure
15 for labour?

16 MR. PAUL-HUS: 25 per cent to 35 per cent.

17 COMMISSIONER WICKWIRE: For wages, you said?

18 MR. PAUL-HUS: For wages.

19 MR. GERIN-LAJOIE: Q. And equipment would be
20 what?

21 MR. PAUL-HUS: About 45 to 55 per cent.

22 Q. I appreciate, of course, that these are
23 just rough figures.

24 MR. SIMARD: Yes, and it varies greatly with
25 the various types of ships, of course.

26 Q. What happens to your overhead when you
27 do not have any ships to build?

28 MR. SIMARD: This I would ask Mr. Hawken to
29 deal with.

30 MR. GERIN-LAJOIE: Perhaps Mr. Hawken could



answer it right now.

1 MR. SIMARD: Yes, certainly.

2 COMMISSIONER WICKWIRE: I think I could answer
3 that. It just goes on eating.

4 MR. HAWKEN: That's right. That is what has
5 prompted our attempts at diversification of
6 production, something to keep us alive.

7 MR. GERIN-LAJOIE: Q. Is it compensated for
8 when you get some orders for ships? Do you com-
9 pensate for it?

10 MR. HAWKEN: You cannot do that very well.
11 If you are referring to one fiscal period that
12 is a distinct period. About the only way you
13 could compensate for it would be to carry it
14 forward and backward in income taxes, the profits
15 and losses for income tax purposes.

16 Q. I am not so much interested in your
17 income tax return but rather in the actual earnings
18 of your company.

19 MR. HAWKEN: Presumably if there is no
20 revenue, and that is the case mentioned by the
21 honourable gentleman, if there is no revenue,
22 it is automatically a loss. You could not possibly
23 compensate and try to recover a loss in the next
24 year.

25 Q. Now, another question for Mr. Hawken.
26 I believe you mentioned the figure of 2,000 men
27 as a nucleus---

28 THE CHAIRMAN: Before you leave that, in
29 fact wouldn't you do exactly the same thing
30



1 with the one ship? You have one ship that occupies
2 during that fiscal period of your year say 37 per
3 cent of your time. Would you try to assess only 37
4 per cent of your overhead to that ship?

5 MR. HAWKEN: It would all depend.

6 THE CHAIRMAN: I mean to be competitive how
7 else could you expect to carry on?

8 MR. HAWKEN: That is the point at which we are
9 presently landed, Mr. Chairman. You do have to make
10 sacrifices but it boils down that rather than try
11 to recoup past losses -- well, it boils down to what
12 would you call it, a gamble on the future. You
13 see, if your vessel is occupying only 37 per cent
14 of your time this year, possibly next year it may
15 occupy 37 per cent of your time too. You gamble
16 there might be another ship next year to which you
17 could devote another 37 per cent of your time.

18 Q. Now, Mr. Hawken, you mentioned a nucleus
19 of 2,000 persons for your own yard. I believe you
20 divided this 2,000 figure into 1,600 for skilled
21 labour and 400 for unskilled. That is not quite
22 clear to me.

23 MR. HAWKEN: No, 1,600 wage-earners, Mr.
24 Gerin-Lajoie. There it was a very quick
25 calculation, a very quick rule of thumb that I
26 tried to apply. Let me put it this way, the
27 wages or salaries paid in overhead represent
28 about 25 per cent of the direct charges to the
29 vessel.

30 Q. You would consider that as a normal



division when keeping just a nucleus?

1 A. I would say Yes. At the present moment
2 I believe we are somewhat lower than that.

3 Q. So in the 400 figure you would include
4 the supervisors and the foremen?

5 MR. HAWKEN: Hourly-paid people.

6 MR. SIMARD: Usually the superintendent is
7 on a monthly basis. The foremen are on an hourly
8 basis. You have a superintendent for each big
9 department or perhaps for two or three departments
10 and then the others are the foremen and so on.

11 MR. GERIN-LAJOIE: Q. Now, among the 1,600
12 wage earners how many skilled labourers would you
13 have as opposed to unskilled? I don't know if that
14 expression is suitable.

15 MR. PAUL-HUS: I would judge of that number
16 about 60 per cent would be skilled.

17 Q. 60 per cent?

18 MR. PAUL-HUS: Yes.

19 Q. And 40 per cent unskilled?

20 MR. PAUL-HUS: It would not be completely
21 unskilled but it would be like, well, take the
22 case of electricians, it would be like a first-
23 class electrician in the building trade who could
24 be grouped with a first-class ship electrician
25 as a helper. The same would apply to the other
26 trades.

27 COMMISSIONER BELANGER: The 40 per cent would
28 include the unskilled and semi-skilled?

29 MR. PAUL-HUS: That's right.
30



1 MR. HAWKEN: Like we say, partially skilled in
2 the shipbuilding industry.

3 MR. GERIN-LAJOIE: Well, Mr. Simard, I believe
4 the Commissioners and staff will study the charts
5 you have submitted and we may have some additional
6 information to require later. That will be all
7 for today.

8 COMMISSIONER WICKWIRE: Mr. Hawken, you were
9 discussing ship repairing in your company during
10 the years 1952, 1953 and 1954.

11 MR. HAWKEN: Pardon me, sir. The years 1952,
12 1953 and 1954 were for the total ship repairs in
13 the St. Lawrence area.

14 COMMISSIONER WICKWIRE: All right. You
15 mentioned that the conversion of frigates which
16 you were doing was of a non-recurrent nature.
17 Now, are not all ship repairs of a non-recurrent
18 nature?

19 MR. HAWKEN: One can but hope.

20 THE CHAIRMAN: We saw in Port Arthur one
21 ship come in with her nose bent exactly the same
22 way as her nose had been bent before.

23 MR. HAWKEN: I think that possibly emphasizes
24 the point I was trying to make before. Presumably
25 a vessel is not going to have to come back in
26 to have the very same repair done within a limited
27 period of time.

28 COMMISSIONER WICKWIRE: No. And as to a
29 conversion job, once having been converted that
30 would be it.



MR. HAWKEN: Yes, I think so.

1 COMMISSIONER WICKWIRE: Why do they class
2 that type of work as ship repair?

3 MR. HAWKEN: I cannot answer for the Maritime
4 Commission, sir, It is put in here possibly because
5 they had no other way to show it in this table.
6 They show it as between shipbuilding and repairs
7 and conversions. They grouped it with the repairs
8 rather than putting it in with the shipbuilding.

9 COMMISSIONER WICKWIRE: One further question.
10 With the completion of the Seaway would you not
11 more
12 normally expect/traffic in the Lakes and in the
13 St. Lawrence?

14 MR. HAWKEN: More traffic in both the Lakes
15 and the St. Lawrence?

16 COMMISSIONER WICKWIRE: Yes.

17 MR. HAWKEN: Oh, yes, sir.

18 COMMISSIONER WICKWIRE: And with the increase
19 in traffic will it not necessarily follow that
20 there will be further repair work needed in
21 Canadian shipyards?

22 MR. HAWKEN: Repairs to Canadian ships?

23 COMMISSIONER WICKWIRE: Any kind of ships
24 that are in the neighbourhood?

25 MR. HAWKEN: I would imagine the only
26 repairs we might hope for on foreign tonnage
27 and on United Kingdom tonnage would be those of
28 an urgent type.

29 THE CHAIRMAN: That is what Mr. Wickwire
30 is driving at.



1 COMMISSIONER WICKWIRE: Don't you think there
2 will be more urgent repairs required with the
3 increased traffic?

4 MR. HAWKEN: I don't think that is quite right,
5 sir. I happen to know that consideration is being
6 given at the moment to enlarging the channel
7 between Montreal and the Sea and to removing some
8 of the curves that are presently bothersome to
9 navigators.

10 THE CHAIRMAN: Apart from that, you would not
11 have to go far. You would have to only go a
12 couple of miles from your own dock to pick up quite
13 a bit of repair work -- with some of those bends
14 around there.

15 MR. HAWKEN: Some of those bends are very
16 sharp. As a matter of fact, I may be talking out
17 of turn here a bit but just confidentially I
18 believe there is an island which is to be
19 removed in the channel.

20 COMMISSIONER WICKWIRE: Thank you.

21 MR. HAWKEN: I don't know whether I am out
22 of order at the moment, Mr. Chairman, but a
23 thought occurred to me when you were discussing
24 the question of subsidy. The thought occurred to
25 me that even a subsidy might not be an answer to
26 our problem because you might quite likely
27 drive the Canadian labour employed on ships out
28 of that classification and in the event of a
29 national emergency they would not be available.

30 THE CHAIRMAN: You do not get the intent



1 of the subsidy. The subsidy is to permit ships to
2 be built in Canada so your labour would be employed
3 at building ships.

4 MR. HAWKEN: I'm sorry, I didn't make myself
5 clear, Mr. Chairman. I was thinking more of the
6 labour necessary to man a merchant marine in times
7 of war.

8 THE CHAIRMAN: All right. The ships would be
9 built in Canada by virtue of the subsidy. They
10 would be built for Canadians. There are two
11 different kinds of subsidy. One is a subsidy for
12 ship construction. Another and quite different
13 subsidy is a subsidy for operation. In the United
14 States both subsidies are used very heavily.

15 MR. HAWKEN: The subsidy for construction,
16 I could foresee, might prove very difficult of
17 administration.

18 THE CHAIRMAN: In the United States they
19 are having the greatest difficulty in finding out
20 what is the difference between foreign costs
21 and the United States costs.

22 MR. HAWKEN: Yes, I would imagine it would
23 be particularly true in the case of the purchaser
24 of a vessel upon whom possibly the onus might
25 fall.

26 THE CHAIRMAN: Mr. Lajoie, have we
27 concluded our hearing?

28 MR. GERIN-LAJOIE: I think so, Mr. Chairman.

29 THE CHAIRMAN: I don't think we should
30 leave Montreal without saying that, although



1 the hearings have been long, they have certainly
2 been profitable. We have had in Montreal a
3 very considerable cross-section of all the
4 thinking on this subject. Many briefs have been
5 presented. They have been carefully prepared
6 and they have been carefully and adequately supported.
7 I feel that we have a great deal more light on the
8 subject than when we came to Montreal. All I can
9 do, on behalf of both myself and my fellow Commissioners,
10 is undertake to thoroughly digest all we have heard.

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15 (Page 4364 follows)
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1 M. LE COMMISSAIRE BELANGER :

2 Au nom de mes collègues, il me fait plai-
3 sir de remercier tous ceux qui ont bien voulu pré-
4 senter des mémoires à la Commission et qui ont bien
5 voulu venir affronter les questions de nos avocats
6 et celles des commissaires.

7 Soyez assurés que nous prendrons en sérieu-
8 se considération tout ce qui nous a été donné, et que
9 nous ferons notre possible non seulement pour digérer
10 ce qui a été dit mais pour rendre une décision sage.

11
12 ---Whereupon the hearing of the Commission adjourned
13 at 1.15 P.M., to resume in Midland, Ontario on
14 October 25th, 1955.

VOLUME

14

ROYAL COMMISSION ON COASTING TRADE

MIDLAND & HAMILTON SESSIONS

Pages 4365 - 4574

Oct. 25 & 28, 1955





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1 ROYAL COMMISSION ON COASTING TRADE

2
3 Report of hearing held at Midland,
4 Ontario, on Tuesday, October 25th,
5 1955, commencing at 10:00 A.M.

6
7 PRESENT:

8 THE CHAIRMAN, The Honourable Mr. Justice
9 W.F. Spence.

10 Mr. W.N. Wickwire, Q.C.)

) Commissioners

11 Mr. M. Belanger, C.A.)

12 Mr. D.W. Mundell, Q.C.)

) Commission Counsel

13 Mr. Paul Gerin-Lajoie)

14 Mr. H. Kemp

Economic Adviser to
the Commission

15
16 ---Mr. P. Cimon

Ass't Secretary

17
18
19
20 THE CHAIRMAN: The sittings of the Royal
21 Commission on Coasting Trade for Midland for the
22 County of Simcoe and surrounding territories. We
23 have with us today His Worship the Mayor. I would
24 ask Mayor Parker to say a few words if he would,
25 please.

26 MAYOR CHARLES N. PARKER: Mr. Chairman,
27 members of the Commission and distinguished gentle-
28 men gathered here this morning. It is a distinct
29 honour to have the privilege of saying a word of
30



1 welcome to the members assembled particularly on
2 this occasion because your problem is very important
3 one to this county of ours and to the whole Georgian
4 Bay district.

5 Shipping and shipbuilding plays a very impor-
6 tant part in the lives of our people and thus it
7 affects the whole of our country.

8 We are delighted, sir, that you saw fit to
9 come here and to hear what will be said to you today.
10 We know that you will deliberate with us on our
11 problem and we know that the spirit of the occasion
12 will be carried into your findings, and we hope that
13 the result will be good for our great country.

14 Thank you for the privilege of saying a word
15 of welcome to you. We hope that you will enjoy your
16 stay here and we hope that you will dine with us
17 this evening.

18 Thank you very much.

19 THE CHAIRMAN: Mr. Mundell?

20 MR. MUNDELL: Mr. Chairman, there are six
21 briefs to be heard here. I thought it might be
22 advisable at this stage to announce the proposed
23 order of hearing and ask anybody who is here on be-
24 half of briefs or those representing briefs, to
25 identify themselves to get on the record.

26 At this stage the first brief which is pro-
27 posed to be heard was that of the Industrial Com-
28 mittee of Simcoe County. Who is appearing on be-
29 half of that?
30



1 MR. W.H. CRANSTON: W.H. Cranston.

2 MR. MUNDELL: The second one was the Owen
3 Sound Chamber of Commerce.

4 MR. J. McCANSH: Mr. J. McCansh.

5 MR. MUNDELL: Thirdly, the Algoma Steel
6 Corporation Limited.

7 MR. HOLBROOK: David Holbrook.

8 MR. MUNDELL: Fourthly, Midland Shipyards
9 Limited.

10 MR. WALTON: Mr. H.W. Walton.

11 MR. MUNDELL: The Collingwood Shipyards
12 Limited.

13 MR. WALTON: The same.

14 MR. MUNDELL: William Kennedy & Sons.

15 MR. KENNEDY: A.A. Kennedy.

16 THE CHAIRMAN: What are your initials,
17 Col. Kennedy? I should know your initials but I
18 do not.

19 MR. KENNEDY: A.A.

20 MR. MUNDELL: We propose, subject to your
21 direction, to hear the briefs in the order that
22 I have mentioned them. To start with, the Indus-
23 trial Committee of Simcoe County Council.

24 Possibly I should mention, sir, that those
25 presenting briefs may assume that the members of
26 the Commission have read the briefs, and it is not
27 necessary to read them again.
28
29
30



SUBMISSION OF THE INDUSTRIAL COMMITTEE OF
SIMCOE COUNTY

---Mr. W.H. Cranston appearing.

MR. W.H. CRANSTON: Mr. Chairman, Mr. Commissioners, ladies and gentlemen. As the Secretary has pointed out, I appear before you today to speak on behalf of a brief which was presented to your Commission by a group of Municipalities in this area, not only the Industrial Committee of the thirty-two Municipalities of Simcoe County, but sixty member Municipalities of the Georgian Bay Development Association, which includes the Counties of Simcoe, Bruce, Dufferin, Grey, and the districts of Muskoka and Parry Sound, and also a number of individual Municipal Boards, Boards of Trade, and Chambers of Commerce of this particular district. I perhaps might say at the outset that while the Mayor has pointed out that we extend to you a warm welcome, the elements have not exactly co-operated to the degree they might. We were rather hoping for nicer weather, not a white Christmas, but apparently Christmas has anticipated our wishes.

I would like to make clear at the outset, gentlemen, that while I am attempting to present for your consideration the views of this group, I do not in any way claim to be an expert in the field of ship construction or operation, nor an economist versed in the manifold problems of



1 transportation which have plagued this horizontal
2 nation for the past century.

3 If these communities raise through me their
4 collective voice, they do so primarily to express
5 their concern with the issues which you face, and
6 to express their hope that your final recommendations
7 will make allowance for their future well being.

8 As pointed out in the brief, which we sent
9 to your Secretary some time ago, not only shipbuild-
10 ing but shipping are major factors in the economy
11 of this area. Over one thousand persons hereabouts
12 are employed by Lake carriers and this, I am sure,
13 in a community or district of this size, you will
14 agree is not a small part of our total employed
15 population.

16 The brief which you have before you asks
17 that the Commission give consideration to fiscal
18 measures which would encourage the replacement of
19 aged bulk carriers, many of which were brought into
20 the Canadian trade after they had become obsolete
21 in U.S. waters.

22 It asks your support for the present policy
23 of accelerated depreciation on new bottoms built
24 in the country.

25 It recommends further that your Commission
26 consider a policy under which the coastal trade
27 of Canada be restricted particularly to the Great
28 Lakes, in which we are primarily interested here,
29 to those ships now registered in Canada or those
30



1 which may in future be built in Canadian yards.

2 As is pointed out in the brief, these recom-
3 mendations are based on the belief that there are
4 sound reasons from the point of view of our national
5 economy, and also for our national defence, for the
6 existence of a number of shipyards in Canada, and
7 at least some domestic Merchant Marine.

8 Further, I may point out that we realize in
9 this area particularly that, because, to some extent,
10 of the diversity in our economy, you as Commissioners
11 have no easy job in sorting the economic wheat from
12 the uneconomic chaff.

13 Canada has developed, particularly since
14 World War II, a high-cost economy. Indeed one of
15 the major casualties of that conflict, and the in-
16 flation which it sired, has been the diversity which
17 we have developed in our external trade.

18 With your Secretary, whom I am sorry is not
19 here today for personal reasons because I worked
20 with him during World War II, I had some part in
21 attempting to conserve for Canada the export mar-
22 kets which had been built up at considerable cost,
23 both private and public, over the previous quarter
24 of a century. Mr. McLeod's efforts failed, mine
25 failed, and the endeavours of a lot of other
26 Canadians, as you know, failed, very largely be-
27 cause the progressive imposition of U.S. cost
28 levels priced us out of the soft currency markets.

29
30 Indeed we are advanced or regressed to the



1 point where the present buoyancy of the Canadian
2 economy has continued only because Canada and the
3 United States have been able to take in each other's
4 export washings.

5 That this bilateral economy, however, is not
6 on a very sound foundation, I think, is proven by
7 the fact there has been a 15 percent decline in
8 Canadian agricultural income this past year, and the
9 huge grain surplus which over-hangs the domestic
10 market poses a further serious threat to our national
11 prosperity.

12 I make these comments for two reasons:

13 Firstly, recognizing the effect which our
14 high domestic wage structure will inevitably have
15 on competition with foreign bottoms, some suggestions
16 have been made to your Commission that consideration
17 be given to providing construction subsidies such
18 as apply in respect to ships built in the United
19 States for foreign trade. To this would presumably
20 be added by these people operating subsidies where
21 ships of foreign registry were able to compete
22 with Canadian bottoms in the Canadian trade.

23 A continuation of the current wage differentials
24 which apply today even between ships of U.K. regis-
25 try and Canadian seamen could soon make operation
26 of Canadian-registered vessels uneconomic on
27 the Great Lakes.
28

29 Quite frankly, gentlemen, I do not believe
30 that we should incorporate into the Federal



1 structure of this nation any further trusses whose
2 supports are based on subsidies. I believe that you
3 will agree with me in this consideration that such
4 a measure of subsidies builds not only a burgeoning
5 bureeaucracy, to which we are rather susceptible
6 in this country already, but it makes for a dulling
7 of the competitive tools which cuts consumer costs,
8 and it clouds the average citizen's ability to com-
9 prehend the working of our elected representatives.

10 If we believe that the Canadian coastal trade
11 should be restricted to Canadian bottoms, I would
12 suggest that we say so legislatively and then see
13 to it that there is sufficient domestic competition
14 to ensure that costs are not out of line.

15 The second point which I would like to make
16 as an addendum to the written brief relates to
17 competition in another field in the perhaps more
18 literal sense.

19 One reason why the Great Lakes shipyards --
20 the Upper Lakes yards in particular -- have been
21 idle and our ships operating at only partial capa-
22 city, can be found right within the policies of
23 our own Federal Government, and we believe that
24 it is high time someone said so.

25 In doing so we imply no criticism of any
26 one party because it is evident all of them are
27 tarred with the same policy brush.

28 Again, as I do not need to tell you gentle-
29 men this morning, we as taxpayers are engaged in
30



1 a gigantic gamble in grain futures, and a gamble on
2 whose success the odds are daily lengthening.

3 We have attempted to cloak our desire for an
4 uneconomically high price of wheat. During the war
5 years we had to put an arbitrary ceiling on what
6 might have been called the legitimate returns of
7 our grain growers, and then after the war we have,
8 in company with our neighbours to the south, attempted
9 to get from our wheat customers what has proven to
10 be an unrealistically high price.

11 It hasn't worked. It never will. One re-
12 sult may be seen in the shipyards which you visited
13 in this area, the tied-up bulk carriers for a por-
14 tion of the year and the relatively motionless grain
15 elevators of the Georgian Bay, not to mention the
16 shipbuilding industry.

17
18 At some of your earlier hearings arguments
19 have been heard that there must be no restriction
20 on low-cost foreign shipping because, by means of
21 these foreign bottoms, we will be able to move our
22 grain to market a few cents a bushel more cheaply.
23 We gather that no one is yet prepared to hazard
24 a guess as to just how "few cents" are involved
25 because they are not yet privy to the extent of
26 the Seaway passage tolls which either foreign or
27 domestic bottoms may be charging half a decade
28 hence.

29 We would like to suggest to you, however,
30 that the net economic effect of any restriction



1 on Lake commerce which we are suggesting here today
2 would be exceedingly small in comparison with the
3 adjustments which now appear inevitable if we are not
4 to build across Central Saskatchewan a mountain of
5 surplus wheat that would dwarf in size the Rocky
6 Mountains.

7 Under the policies of the Wheat Board and,
8 indeed, of the Board of Transport Commissioners, we
9 do not know the true competitive cost of moving
10 grain to market. Buried under our present monopoly
11 marketing blanket lie storage charges, sales costs,
12 loss through deterioration, arbitrary transportation
13 rates, and a host of other factors which make the
14 clear assessment of your problem difficult indeed.

15 We would like to point out to you, and this
16 is based on a survey which has been made by people
17 in this area over the last two or three weeks, foreign
18 markets are not buying Canadian grain simply because
19 it costs a couple of cents more. They are restric-
20 ting their purchases because, as you know, this
21 is a buyers' market. They want to buy what they
22 like, when they like, where they like, and at a
23 price which can be hedged against falling futures.
24 Faced with a monopolistic Government agency as
25 the only seller, and one which has apparently
26 failed to realize that it is sorely stuck with an
27 unwanted surplus, these former customers of ours
28 are content to shop elsewhere or do without.

29 The inevitable return to a more elastic
30



1 form of grain marketing, however, is not one which
2 concerns this area merely as a national policy affect-
3 ing its shipbuilding and shipping industries.

4 Georgian Bay is also in the export grain
5 business. I think you will agree the three are
6 tied rather closely together. There was a time
7 not so many years past when there were several train-
8 loads of grain went out daily.

9 Again, as we need not point out to you gentle-
10 men, much of Canada's grain moves to export, under
11 normal open market conditions, well past the time
12 of harvest. There is normally a heavy run by water
13 to the Bay port elevators and then by rail to the
14 seaboard.

15 The location of these large elevators in
16 Georgian Bay right on the most direct water-rail
17 route from the Lakehead to the Atlantic enables
18 Canadian wheat to be marketed in quantity year
19 round. As and when the Board of Transport Commis-
20 sioners is permitted by the Government or themselves
21 permit the railways to revise their rates to take
22 account of this economic fact of our national
23 life, and the Wheat Board surrenders its arbi-
24 trary sales control, foreign buyers, I suggest to
25 you, will return to the Bay ports for their winter
26 and spring wheat purchases. This storage pool
27 of Canadian wheat in the Bay ports, established,
28 I would say, by large Canadian bulk carriers at
29 the conclusion of each harvest season, is a
30



1 vital factor in our export policy for wheat.

2 It is a factor which is dependent in large
3 measure on the availability of a sizable number of
4 Canadian carriers which are not only prepared or
5 which are not only able to provide transportation
6 for those last-minute millions of bushels moving
7 from the head of the Lakes to the Bay elevators, but
8 are prepared also, as would not be foreign bottoms,
9 to tie up here as auxiliary storage units through
10 the winter months and thus contribute to a larger
11 and steadier supply or a more diversified flow of
12 grain to what has now become, and will be in the
13 future, a most competitive and selective wheat
14 market.

15 Those two points, Mr. Chairman and gentlemen,
16 we wish to add to our written brief. We wish to
17 thank you most sincerely for your kindness in acced-
18 ing to the request of the Municipalities of these
19 areas to hold one of your sittings in this district.

20 Thank you very much.

21 MR. MUNDELL: I would like, if I may, to
22 ask one or two questions. I do not know whether
23 Mr. Cranston would be in a position to answer
24 them. Possibly the material is not available.

25 I should also mention to start with that
26 Mr. Gerin-Lajoie and myself almost invariably find
27 ourselves extremely unpopular everywhere the
28 Commission holds hearings because we are always
29 asking questions in an apparent hostile tone of
30



1 voice. The answer is our function is to test the
2 submissions that are made and ask for supplementary
3 material. That certainly represents no attitude
4 of any kind at all except possibly an attitude of
5 ignorance.

6 I was wondering whether you could give to
7 the Commission some breakdown of the number of per-
8 sons in these areas that are engaged -- not strictly
9 related to shipbuilding, but tell us that are en-
10 gaged more in the operation of vessels.

11 A. I think I can. From the area -- if
12 you will permit me to speak, first, particularly of
13 the area of 16 or 18 miles from here, there are some
14 700 persons that are engaged in Lake shipping, or
15 being employed on Lake carriers or Lake passenger
16 boats. Basically, of course, since we are virtually
17 out of passenger boats in this area, except for the
18 two C.P.R. boats out of Port McNichol, they are
19 basically in the bulk carrier trade. Then, of
20 course, there are a number of persons employed in
21 machine shops and repair yards and so on, servic-
22 ing for these particular vessels.

23 I think it would be safe to say there are
24 roughly 100 persons related thereto.

25 In addition to that, when ships were being
26 built here for either the Lake people or your own,
27 there were some 600 persons employed in the ship-
28 yards. If you extend this, for example, to the
29 grain trade, you have about 120 persons employed
30



1 in the grain elevators for Midland. Normally,
2 close to 100 additional in the grain elevators at
3 Port McNichol, and in Collingwood and Owen Sound
4 somewhat smaller numbers, because their grain ele-
5 vators are not so large.

6 I think it is a fair statement to say within
7 the area of the south and southeastern Georgian Bay
8 there are over 1300 persons who are employed on
9 bulk carriers.

10 You will undoubtedly have figures in detail
11 from the ship companies where they can give you a
12 breakdown by a geographical region. We have made
13 certain surveys in this regard, not specifically
14 for the purpose of this Commission, but I do not
15 think I will be out by more than 10 percent one way
16 or the other on those figures.

17 Q. I am not sure I understand your answer.
18 You say there are 1300 employed -- who are actually
19 engaged ---

20 A. In the operation of ships.

21 Q. On the vessels?

22 A. Yes. This is distinct from shipyard
23 operation. The Midland Shipyard normally, you
24 might say, employs 600. The Collingwood Ship-
25 yard 750. Then, for example, you have Kennedy's
26 in Owen Sound. I am not in a position to give
27 you the comparison employment, but you will have
28 two people before you representing the two ship-
29 yards later who will give you a more detailed
30



1 breakdown.

2 I think I am safe in saying there are about
3 1300 on these ships, and another 1300 directly em-
4 ployed in the construction of ships or related in-
5 dustrial service establishments for both of those
6 operations.

7 Q. It is really, then, 1300 who are direct-
8 ly employed on the vessels. What I was trying to
9 get at actually was, how many there would be in the
10 ship operation compared with the shipbuilding?
11 1300 are directly employed on the vessels. There
12 are a certain number of services ---

13 A. Yes.

14 Q. Operations.

15 A. Yes. Of course, that is the peculiar
16 thing, I may say, in this area here. There are
17 something over 1,000 people employed in shipping and
18 related transportation industries. It is by far
19 the largest single employer and that related employ-
20 ment relates to the ship cargoes that come into
21 this area which, if they did not come in, would be
22 very seriously reduced.

23 Q. You are talking about ship operation?

24 A. Yes, I segregate the two, seeing
25 they are almost of equal weight in normal ship-
26 building construction, if there is such a thing
27 as normal shipbuilding construction, and let us
28 say back three or four years and say that would
29 be the case.
30



1 Q. Thank you very much. I am not too
2 sure you put before the Commission the exact nature
3 of your organization which you represent. You men-
4 tioned you represented some sixty Municipalities.
5 Can you just outline the nature of the organization?

6 A. Yes. We have a number of Municipal
7 bodies dealing in, shall we say, the development of
8 the industrial field in this area. One of you
9 gentlemen, I think, is well acquainted with the
10 Canadian organization in Simcoe County.

11 Generally speaking, this is an Industrial
12 Committee of which I happen to be the secretary,
13 whose job it is to attempt to get or build various
14 industrial areas in the area and to make representa-
15 tion to the Government where it would seem desirable
16 to attract the appropriate industry.

17 The Georgian Bay Development Association is
18 a relatively new body formed about six months ago,
19 but it is part of the joint plan of the Ontario
20 Department of Planning and Development which, with
21 the Government, engages in industrial promotion in
22 relation to the Counties of Grey, Dufferin, Bruce
23 and Simcoe, and the districts of Parry Sound and
24 Muskoka on the north part of Lake Huron, and on the
25 south side, and southeast and eastern Georgian
26 Bay and northern Georgian Bay. I happen to be
27 vice-president of that organization.

28 Our job is basically to attempt to keep our
29 economics in balance by selecting new industries
30



1 where we can, to replace the ones that may be going
2 out or adding to our number of industries from
3 possibly entirely new sources by enticing them out
4 of the traffic tangles of the Metropolitan area.

5 There are a number of Chambers of Commerce
6 and Boards of Trade that happened to have endorsed
7 this brief as individual agencies. Basically,
8 that all comes forward to you as a submission from
9 the Municipalities of this entire Georgian Bay area.

10 THE CHAIRMAN: The district of Muskoka and
11 what other district?

12 A. Muskoka and Parry Sound, and the Coun-
13 ties of ---

14 Q. Including Dufferin?

15 A. That's right. We are not responsible
16 for the geographical allocation. I would have to
17 lay that at the foot of one of the Ministers of
18 the Crown in the Province of Ontario. We were
19 rather surprised ourselves that it came in under
20 Georgian Bay.

21 Q. I am trying to figure out what part
22 of Georgian Bay is in Dufferin.

23 A. Well, like all wise people they
24 went north.

25 MR. MUNDELL: To avoid the traffic
26 tangles.

27 A. Yes.

28 Q. You say you think there would be

29 1300 ---
30



1 A. I would think that would be a very
2 conservative figure in the area. I am not compe-
3 tent to give you the total statistical breakdown,
4 but it is a very substantial portion of our indus-
5 trial operation.

6 THE CHAIRMAN: Q. Do you include the
7 various marine employees in connection with the
8 booming tourist industry in this area.

9 A. I have not included those, Mr. Chairman.

10 Q. Because you would have another 1,000,
11 I would think, in the pleasure boat business and
12 so on.

13 A. Yes. We are not going to restrict
14 25 h.p. motors to Canadian operators.

15 Q. I have seen some of them go out a
16 good deal further than I do.

17 A. No, that is not included in the list.

18 MR. MUNDELL: Q. I wonder if you could
19 give any information to the Commission outlining
20 the normal sort of grain movement that was previously
21 here or through the Bay ports, I mean, prior to
22 the present glut.

23 A. Mr. Chairman, gentlemen, I would like
24 to be able to do so, but I am afraid I am not going
25 to be able to answer that question. It would
26 have to be someone who is a little more competent
27 in the field to some extent, the shipping people,
28 let us say. I do not know just exactly what is
29 normal, but I can say that in the last year,
30



1 particularly in the year previous which was almost as
2 bad, the amount of normal grain movement here did
3 substantially decline. It is down to about 25
4 percent. What is happening, I would think, over
5 the last three months, from what the railway
6 officials tell me, the shipments by rail out of
7 the elevators of south Georgian Bay has been equal
8 per month what it normally was per day. It is a
9 very serious situation to contemplate. I do not
10 need to point that out to you gentlemen. We are
11 all looking at grain statistics at the present time.

12 Q. You say it is down to 25 percent?

13 A. 75 percent, sir.

14 Q. Down to 75 percent. Why is that?

15 A. Well, the grain elevators' main
16 function is the movement of grain, not the storage
17 of grain. They make their profits, if any, from
18 loading it and dropping it into the cars for trans-
19 shipment, and grain is just not moving there. It
20 is not necessary for them to employ the people which
21 they might have kept, and therefore they have dropped
22 their staffs very substantially.

23 The C.P.R. elevators, I believe, in Port
24 McNichol -- I am subject to some correction, -- is
25 employing less than 20 people as against a normal
26 of close to 75 to 100. There may be people here
27 who will be more competent to speak on that than
28 I, but grain just is not moving, and there were in
29 normal times very often movements of as much as
30



1 60 or 70 cars of grain out of this port of Midland
2 per day.

3 Q. At this time of the year?

4 A. No, I do not want to be pinned down
5 because I do not know. There were many times of the
6 year in which that was common. It came particularly,
7 of course -- the first boats came down in the
8 spring, filled up the Bay port elevators which are
9 normally employed at winter work. There is general-
10 ly a bit of a hiatus in the summer. I mean, where
11 they take the grain further down Lakes. At the
12 latter part of the season they fill up here and
13 thus it is fairly common in Midland for most of the
14 large bulk carriers to tie up here because it is
15 the closest -- the last point they can go in their
16 run, and they act as auxiliary elevators during
17 the winter months. During the winter months that
18 movement of grain maintains a measure of employment
19 in this area.
20

21 Now, with export sales being virtually nil,
22 that employment has declined very substantially
23 and while most of the ships tied up here last year
24 were empty by the time spring came, it took almost
25 to the opening of navigation before they were
26 emptied, where normally they would have been emp-
27 tied long before that time.

28 I may point out we have had some figures
29 given for this area of 18 miles around here by
30 the local Unemployment Insurance office. Last



1 year we had unplaced applicants registered at the
2 Unemployment Insurance office of 1601 males. At the
3 present time there are 204 men unemployed. I may
4 point out that the total employment in the city here
5 is around 3,700, so when you have 1,600 males un-
6 employed in the winter months it presents a fairly
7 serious problem to the country.

8 Q. You mentioned that you had recently
9 done some research into the reasons why wheat was
10 not selling, and I was wondering if there was any-
11 thing in the result of your research that bears on
12 shipbuilding as opposed to the marketing policy.

13 A. Well, it is not my personal research.
14 It is the research of people who are in the elevator
15 grain business in this area, but it bears on shipping,
16 I think, primarily in that the Government should
17 be asked -- their monopoly marketing policy at the
18 present time is actually interfering with shipbuild-
19 ing on the Lakes which, of course, is very obvious
20 to anybody but not too many people, perhaps, are
21 saying it. The grain reserves in Western Canada
22 are not only a problem to the West, but they
23 are a decided problem to Georgian Bay or to the
24 East in the matter of employment in the transpor-
25 tation field.

26 Q. If I understand you correctly, cor-
27 rect me if I am wrong, you are proposing that the
28 marketing policy of wheat should be designed to
29 maintain the shipbuilding industry?
30



1 A. No, I am not suggesting that. I am
2 suggesting this again, I would not depart from what
3 we say there, but being an editorial writer on a
4 newspaper I am suggesting that the marketing policy
5 of any nation should be designed to give the maximum
6 benefit at all possible to all citizens of the
7 nation, and not just to a favoured few.

8 I do believe that if there was some revision
9 in the marketing policy at the present time we
10 would have more favourable employment here in ship-
11 building and in the shipping industry, and the
12 flour milling industry, which is one of the major
13 industries in this area here. I am not proposing
14 Mr. Howe and Mr. Gardiner should be completely re-
15 versed on the grounds of shipping alone.

16 Q. In advocating restriction of the coast-
17 ing trade to Canadian-built and registered vessels,
18 has your Committee given any thought to the problems,
19 say, of Newfoundland, how it would affect the
20 people there who are taking exactly the reverse
21 view?

22 A. I think, Mr. Chairman and gentlemen,
23 that we should admit at the outset the relative
24 insularity of our interest in respect to shipbuild-
25 ing and shipping in this area, and say we do not
26 know very much -- at least, I, personally, do not --
27 about the Newfoundland side and the fact that they
28 feel there should be no restriction in the coasting
29 trade to Canadian bottoms.
30



1 I think we are particularly concerned in this
2 area about the problem in respect to the Great Lakes.
3 I believe some of the people who have made earlier
4 recommendations may have some rights for their views
5 on the basis of the thinking of Newfoundland and
6 the Atlantic Coast areas. The policy which applies
7 in respect to the United States trade in the Great
8 Lakes, we think, would be admirable here provided,
9 of course, always, as is pointed out in the brief,
10 the nation is of important consideration. It is
11 desirable from both the economic and defence reasons
12 that there should be some shipbuilding industry in
13 the Dominion of Canada. I should say in Canada. I
14 keep trying to say "Dominion".

15 Q. You really have not studied the problems
16 of the various conflicting interests, how they could
17 be met as a result of your proposal. I am thinking
18 of Newfoundland, the forestry industry of British
19 Columbia, and the Western grain grower. I think
20 those are probably the three major conflicting
21 interests. As far as your organization is con-
22 cerned, you are advocating restriction and let the
23 other interests work out how they can, their own
24 salvation.

25 A. Well, that is not quite true, I
26 don't think. We have spent a little time this
27 morning discussing the Western wheat grower. I
28 do not feel at present that restriction to Canad-
29 ian bottoms will work any major hardship on the
30



1 Western wheat grower because of the fact there is
2 going to be a swing in the Western economy which
3 would save two or three cents a bushel, or even
4 five cents a bushel, which might be payable as a
5 result to a Canadian versus foreign bottom, it is
6 not a matter of major factor. It might be a major
7 factor if wheat was selling for 70¢ a bushel, be-
8 cause 5¢ would be a very large percent of the 70¢.
9 As long as wheat is going to stay close to its
10 present price, I do not think that the interests
11 of, shall we say, the shipping communities of
12 Georgian Bay, and the interests of the Western wheat
13 grower, are not irreconcilable in respect to the
14 coasting trade of the West or East Coast.

15 I rather gather from some of the representa-
16 tions that have come before you, you may be able
17 to recommend a revision of the Canadian Shipping Act
18 which would have certain discretionary articles in
19 it, and possibly that the waters which lie from
20 Montreal up to the Lake may be treated somewhat
21 differently from those which are out in salt
22 water.

23 Q. Do you feel the interests of this
24 area would be served sufficiently if there was res-
25 triction on the Lakes?

26 A. Yes, definitely.

27 Q. You are not really interested in
28 the Coast. It is just the Lakes?

29 A. That is right.
30



1 Q. On page 3 of your brief you make a
2 submission, "Repairs and maintenance are likely in
3 the future to constitute a not unsubstantial portion
4 of the revenue of any Canadian shipyard." Say we
5 maintain this yard. Have you any information as
6 to the extent of repair work that would come to the
7 Bay ports, how they would be affected by changed
8 conditions after the Seaway?

9 A. Well, I think this question, Mr.
10 Chairman and gentlemen, primarily should be directed
11 to the shipyards, but I may point out there are
12 very few of the yards in this immediate area that
13 have in the summertime enough employment --- When
14 we had the depression in this country in the '30s
15 the only employment was repair to Lake vessels.

16 More recently, of course, particularly in
17 view of the Government policy of accelerate deprecia-
18 tion and the fact that until a couple of years ago
19 the grain has been moving fairly freely, a consider-
20 able number of new bottoms were built to replace
21 small older ships, and this is a trend that might
22 well be continued under favourable economical con-
23 ditions, and as a result the repair business fell
24 down a little because of the fact a new boat
25 needs less repairs.

26 On the other hand, this Midland yard here
27 is one which is peculiarly suited as a repair
28 yard because of the fact that with our large ele-
29 vator capacity here a great many of the large bulk
30



1 carriers tie up at the end of their last run of the
2 season, and when repairs may have to be done to
3 them, it is naturally done where they are tied up.

4 That is one reason why, in view of the fact
5 the bulk carriers normally come down to Midland,
6 Collingwood and Owen Sound on their last run, we
7 feel that the shipyards of the Great Lakes, in re-
8 lation to defence considerations, if there is to be
9 any preferential treatment, are the ones most logical
10 to receive it. I think on the details of the re-
11 pair work, I would prefer to leave that to Mr.
12 Walton.

13 Q. There is something I should have asked
14 you some time ago. What is the capacity of the
15 various elevators in this area?

16 A. In Midland and Port McNichol the total
17 elevator capacity is around $18\frac{1}{2}$ million bushels.

18 Q. Midland -- ?

19 A. And the Port McNichol elevator. The
20 Collingwood elevator -- I am not competent, but
21 there is someone here who can give you that.

22 MR. WALTON: 2 million.

23 A. 2 million and $18\frac{1}{2}$ million. I think
24 those figures are fairly close. There was a
25 time about eighteen years when one-third of Canada's
26 export grain passed through the Bay port elevators.

27 Q. On page 3 of your brief, which is
28 entitled Brief 30, you indicate that the composi-
29 tion of the fleet is going to change in effect
30



1 from the small bulk carriers which will disappear.
2 Has your organization made any study of the way in
3 which the composition of the fleet may change?
4 Do you have any information that you can give to
5 the Commission on that?

6 A. I think, Mr. Chairman and gentlemen,
7 that has probably been given to you in the brief
8 presented by the Canadian Shipbuilding and Engineer-
9 ing Association, if I remember correctly. The
10 high labour costs of operating Canadian ships are
11 a major factor here, where, say, you can move
12 600,000 bushels per trip with about 35 people, as
13 opposed to, say, 20 people required to operate a
14 150,000-bushel ship.

15 It is pretty obvious that the trend towards
16 the large bulk carrier with a lower-per-bushel
17 labour cost makes sense, and virtually all the boats
18 that have been built in the yards on the Upper Lakes
19 in recent years, with the exception of the canallers
20 which are still going to be able to trade, but
21 all package freighters have been ships that will
22 carry over 600,000 bushels, which have been in the
23 order of 20,000 tons.

24 The Midland yard here and the one at Quebec
25 are the only ones that are equipped to build
26 these very large vessels which have a length of
27 about 625 feet -- 670 feet; and the Port Arthur
28 yard would require, as Mr. McLagan tells me, more
29 alteration before they can build as large ships
30



1 as can be launched here; so we are rather interested,
2 in view of the fact Midland is the Lake yard that
3 is the most suited for the launching of large ships,
4 in seeing some division of operation.

5 We believe the trend towards the large bulk
6 carrier, being in the economical interests of the
7 grain growers as well as the shipping interests,
8 holds some future promise for the yards of this
9 area provided, of course, there is some sort of
10 protection for them, because ships that may be built
11 for special purposes -- those ships can be built in
12 other lands for this trade, as has been pointed out.
13 It is not only a question of U.K. ships, those
14 ships can be built in any yard and registered in
15 Canada and have the protection of the Canada Shipping
16 Act.

17 Q. In connection with that, the proposal
18 put before the Commission in Montreal by Mr. Lowery
19 was that probably the annual building for the next
20 twenty years would be something in the order of
21 73,000 tons a year and they, of course, can be
22 built -- this is for the Lake fleet -- they can be
23 built from Halifax and go through the Locks once
24 the St. Lawrence Seaway is opened, so 73,000 tons
25 will be distributed over all the available yards.
26 Would restriction of the coasting trade to Canada
27 actually be of any real benefit to the shipyards,
28 in view of the possibly small tonnage available?

29 A. Well, there are actually two major
30



1 yards that are equipped to build very large ships.
2 It definitely would be of assistance to this area.

3 THE CHAIRMAN: Q. Mr. Lowery says there
4 will be many more than two yards. There will be
5 all the yards below the St. Lawrence barrier which
6 will be immediately seeking to compete.

7 MR. MUNDELL: Q. Sorel and Lauzon.

8 A. I must admit I am not competent to
9 answer that question. I am quite sure the Canada
10 Steamship Lines people can probably speak better on
11 this.

12 We believe they will be economical provided
13 that they build them in this area. We haven't
14 any knowledge -- we do not know, for example, what
15 the labour union will do with respect to wage levels
16 here because, as against Lauzon, we have a 5 or 10-
17 cent differential which has in the past made a
18 difference where ships are being constructed.

19 If anybody can suggest what the wage pattern
20 of the labour unions are going to be ten months
21 hence -- I am afraid I would not be competent to
22 do so.

23 Q. You anticipated my next question,
24 which was, do you think this area can give that
25 lower wage trend such as Lauzon or Sorel?

26 A. We have done something along that
27 line. The differential is not large. I believe
28 it is about 7¢ an hour at the present time -- it
29 is about 13, but I must confess I am an incurable
30



1 optimist in this regard. I do feel that perhaps
2 labour engaged in the shipyards of the Upper Lakes
3 in the recent year and a half, at any rate, have had
4 somewhat of a change of thinking. They realize
5 they have priced themselves out of this market to a
6 considerable degree, and I have had some assurance
7 from people who have been high up in that union and,
8 as a matter of fact, this was just the last week or
9 two, they would not be unhappy to go back to work
10 at a comparable figure. This, of course, does not
11 mean to say that would happen or that the Canada
12 Steamship Lines or somebody else would not build in
13 Quebec yards.

14 It is rather inevitable if they are to compete
15 for some business the unions would recognize the
16 fact that these costs should generally be brought
17 into line if they are to compete. This has been
18 the case in other countries.

19 Q. You would say that in the absence of
20 that taking place, the probability of new ships
21 being built in the Georgian Bay would be slight,
22 would it not?

23 A. I can only suggest to you there are
24 contracts for two small ships that have been recent-
25 ly placed with the Collingwood Shipyards. It
26 will not bring the yard up to anywhere near its
27 full complement of employment. Therefore, it
28 would appear these people must recognize the
29 character of the labour and its ability in this
30



1 area provided they intend to compete with shipyards
2 elsewhere in the country, and I believe one of these
3 ships is being built not for the Canadian trade,
4 but being built for trade abroad. In other words,
5 for a customer, I believe, in France.

6 We are not completely out of the competitive
7 picture differentially and with a relatively minor
8 adjustment would bring us back in, I believe.

9 Q. The point I was really trying to get
10 at in this question is, you put forward this proposal
11 of restriction of trade. You say that you do not
12 think it will hurt the grain people.

13 A. Materially.

14 Q. Materially, but have you done any
15 calculation as to what the possible benefit would be
16 to you?

17 A. Yes, but in looking through the crystal
18 ball I may turn out to be behind the 8-ball.

19 Q. If you are putting forward a proposal,
20 I should think you would have done some figures
21 on it to justify it. It's a legitimate question.

22 A. I agree it's a legitimate question,
23 but when you consider my answer -- we can tell
24 you that the employment of 600 people in the Mid-
25 land Shipyards plus the employment of 1,000 per-
26 sons is a very substantial part of our total
27 economy. We are looking at it with local eyes
28 but I think perhaps we have recently heard infor-
29 mation where I can anticipate in the long run
30



1 what will be the pattern of shipping companies in
2 the matter of new ship construction. They have
3 told us in writing that if such restriction is im-
4 posed, that they have every intention of continuing
5 the operation of these yards, and we would have that
6 employment that would be provided and the employment
7 in the ships which already exists and which would
8 be close to 25 percent of our working population
9 in this area. That is something for which we should
10 fight, because we believe that Mr. McLagan and the
11 shippers and the other shipbuilding companies are
12 not completely building false hopes.

13 However, no one can forecast five years hence
14 what the economic conditions will be generally, and
15 whether in order to meet a competitive situation
16 they may not be forced, as the British American Oil
17 Company was apparently forced, to go to Japan to
18 buy a ship -- we think there is a good bet if these
19 restrictions came into effect. In other words,
20 the employment on ships in the same large numbers,
21 which is one of the major opportunities for employ-
22 ment in this area, would continue.

23 Q. I was wondering whether you had satis-
24 fied yourself that restriction would accomplish
25 anything?

26 A. Yes, we believe so.

27 Q. You have two interests, one is ship
28 operating and one is shipbuilding.

29 A. Yes.
30



1 Q. Supposing shipbuilding disappeared,
2 how would that affect ship operation necessarily?

3 A. Well, this employment problem we are
4 talking about; it is the employment of Canadians on
5 the ships with which we are concerned, and if, for
6 example, there were transfers to U.K. or other
7 registries of the ships on the Lakes, as has been
8 the case with some Canadian companies, they would
9 therefore employ a staff of a different nationality
10 which would mean that certainly the standard of
11 living of the people who have been employed would
12 either take a drastic downward trend, if they had to
13 meet the wage levels of other nationals, or else
14 they would be completely out of a job.

15 Q. I am sorry, I have not made myself
16 clear. Supposing the Commission came to the con-
17 clusion that the shipbuilding industry would not
18 survive and should not be maintained, it does not
19 necessarily follow that ship operations would neces-
20 sarily go over to foreign shipping.

21 A. I think it does follow that the two
22 are not completely unrelated. If we do not
23 restrict Canadian shipping to ships of Canadian
24 registry, one presumably would pay a lower wage
25 comparable to what is now being paid, so I doubt
26 very much if there would be employment on the ships
27 to the extent we now have.

28 Q. Why?

29 A. Well, I suppose it is the nature of
30



1 the human beast. I do not know whether the people
2 of this area would be able to operate, or would be
3 prepared to accept wage scales that would be the
4 equivalent of 50 percent.

5 Q. Supposing that a Canadian ship operator
6 can buy a ship abroad and get a cheap price and he
7 is carrying Lake freight, package and bulk cargoes,
8 on a much more efficient basis than any ocean-going
9 vessel, and suppose he can compete for that business
10 cheaper; as far as Georgian Bay is concerned you
11 would have more employment in ship operation?

12 A. Theoretically that should be the
13 case, but on the other hand, as I have pointed out,
14 a ship has to stay -- in grain operations ships have
15 to stay here in the winter months.

16 Q. Why?

17 A. Presumably they are being owned by
18 Canadian people. I would suggest they would stay
19 here. They would not attempt to get into other
20 foreign trade.

21 Q. I think the evidence before the
22 Commission is that the big bulk carriers cannot
23 trade in the ocean.

24 A. No, that is right.

25 Q. So you say this: that you can still
26 operate in competition with ocean-going vessels
27 even at a higher cost of operation; you can out-
28 compete ocean-going vessels?

29 A. Yes, but we are suggesting this to
30



1 show there is a lot to be accomplished and found
2 out.

3 Q. I am really trying to separate ship
4 operation and shipbuilding, and I am saying even if
5 shipbuilding disappeared, there is still no occasion
6 to conclude ship operation would go over.

7 A. I think that is a fair statement that
8 the two are not integrally related. Mind you, ship
9 construction is still a major part of the employment
10 of this area. We would not, for instance, wish
11 either of them to go. Again I am expressing a
12 purely personal opinion. If we had to take a
13 choice between the two, there is larger employment
14 related to shipping than directly to ship construc-
15 tion, because shipping carries on, after all, and
16 some of these yards are completely idle.

17 Q. Another important factor is in our
18 national defence set-up. Taking it from the
19 industrial point of view, if it is considered that
20 the construction of ships is not really in this
21 atomic age a factor in our national defence, perhaps
22 there may be employment in other places.

23 A. I don't know. Certainly it is a
24 factor that perhaps cannot be overlooked when you
25 are talking about separating the two.

26 Q. I was wondering what was the basic
27 reason, apart from local interest which is readily
28 understandable; was it a national reason or a
29 reason based on national policy for maintaining
30



1 the shipyards? Do you put it on defence?

2 A. As a matter of employment, I suppose.
3 We are talking about a nucleus of 7,000 people which,
4 I believe, a previous body deliberating in this
5 field considered to be the minimum essential in
6 Canadian shipyards that might be changed by economic
7 and business considerations, but ---

8 Q. I was really wondering, is it baically
9 defence that you put it on?

10 A. As far as ship construction goes.

11 Q. As a reason of national policy as
12 opposed to what might be called local.

13 A. I think that is one of the major differ-
14 ences, yes.

15 Q. What is the other thing?

16 A. I think I made employment my other.

17 Q. Supposing defence was out of the pic-
18 ture, if employment must be maintained by subsidy
19 and in that sense is uneconomical, would you advo-
20 cate these restrictions?

21 A. You are asking me a completely per-
22 sonal question. If I was to sit down in Ottawa,
23 as I did six years ago, I would think perhaps
24 there would be a very good reason for seriously con-
25 sidering whether the economy warranted the protec-
26 tion provided. I am thinking of the national
27 point of view, shall we say. On the other hand,
28 if I am staying or operating in this area as I am
29 this morning, I must confess presumably I have some
30



1 justification after all, because you are now talking
2 about all sorts of local pictures which do not exist
3 as part of the views of a specific nation in geo-
4 graphical areas, and we must look very closely to
5 see what the continued operation of the shipyards
6 was actually costing the economy in dollars before
7 deciding that they should be discarded.

8 Q. What you are really trying to say is
9 that it is only a small amount, and therefore, being
10 small, it is not very important.

11 A. No, again these big pieces are made of
12 small ones. Shall we say, population is made up of
13 a lot of people and the Canadian economy is made up
14 of relatively small units, relatively small indus-
15 tries, and when we go into the manufacture of some
16 colossus, we are not in too happy a position.

17 I must confess, as a newspaper publisher I
18 am meeting a \$5 in the increase in the price of news-
19 print.

20 On the other hand, I cannot say, and no one
21 can say, just because -- for example, the shipbuild-
22 ing yards are employing in excess of 7,000 people
23 in this country and perhaps indirectly 70,000, that
24 that is not an important factor in the economy and
25 bothered us to some extent in the passing of the
26 Hector McKinnon Tariff Board.

27 You are obliged to evaluate whether a cer-
28 tain amount of protection can be withstood by this
29 country in the interests of, shall we say, 70,000
30



1 people presently employed.

2 I think you must not say it is costing dollars,
3 more dollars to be sure -- because it costs too much
4 it is out. It is finished. That the small measure
5 of protection, we think, is in the national interest
6 and what must be contributed is not a large segment
7 of the Canadian economy.

8 Q. The recommendations you put forward
9 are based on different circumstances than the West
10 Coast and East Coast shipyards because they have to
11 be given protection.

12 A. Yes.

13 Q. Whereas in a sense the shipyards of
14 the Lakes afford natural protection.

15 A. On the other hand, they do do very
16 considerable volume of Government orders which has
17 permitted them to exist. We are not suggesting
18 necessarily that there should be that, or that there
19 should be sufficient construction work to maintain
20 all the shipyards in Canada.

21 We suggest it may be necessary that some
22 Commission or some agency may be created such as
23 was invoked by Harvard University, on the matter
24 of policy, but definitely we are interested in
25 national defence and the national economy. There
26 should be a certain number of yards geographically
27 distributed in the interests of both national
28 economy and national defence which would be con-
29 tinued in operation as a legitimate part of the
30



1 national picture.

2 I do not think we can here argue that all the
3 yards or all the plants in any industry are essential
4 to national economy. You may find that certain of
5 the yards in this area are not considered to be
6 essential. We do contend, as far as we know under
7 present conditions, there are a certain number of
8 yards in Canada that would appear from a national de-
9 fence and a national economy point of view should be
10 continued. We do ask for that point.

11 Q. May I put that one final way. Suppose
12 that the Commission came to the conclusion that --
13 I am just making this question up now -- that ships
14 can be built, say, more practically and faster in
15 the United States, and that Canada should not worry
16 about shipyard construction or say that defence dis-
17 appeared from consideration, to bring it back to the
18 point, what would your proposal be there?

19 A. I think perhaps in a theoretical world
20 that produces more than a practical conclusion, but
21 just on that point, if there are yards which are to
22 be needed for national defence purposes, it would
23 appear to me and appear to those with whom we have
24 discussed these matters, that the Great Lakes yards
25 are the ones that should be continued because they
26 do afford the maximum amount of protection from
27 attack.

28 Q. You are thinking of your ocean-going
29 traffic?
30



1 A. Yes.

2 Q. The Halifax Shipyards, if I remember
3 correctly, was operating practically during the last
4 war and repaired something like 7,000 vessels.

5 A. That is true.

6 Q. So you want to throw away the East
7 Coast shipyards?

8 A. No, I am not suggesting you should.
9 You have to maintain something on the East Coast and
10 something on the West Coast. It is possible that
11 your construction program, however, might well be
12 concentrated on those yards that are more protected
13 geographically than the yards on the Coast, but dis-
14 carding that defence point of view for the moment,
15 I think our argument basically comes down to the
16 point that we, not being, shall we say, a Merchant
17 nation to a great extent, except in respect to the
18 Great Lakes trade, think it would be desirable that
19 this nation consider a measure of protection to sus-
20 tain a certain minimum construction of vessels.
21 We suggest a portion of that amount should be in
22 the Great Lakes area.

23 MR. MUNDELL: That is all, I think. Thank
24 you.

25 MR. GERIN-LAJOIE: Mr. Chairman, would
26 you like to hear the Owen Sound Chamber of Commerce?

27 THE CHAIRMAN: You have no questions,
28 Mr. Gerity?

29 MR. GERITY: No, Mr. Chairman.
30



1 THE CHAIRMAN: I think we will recess for ten
2 minutes.

3
4 ---A short recess.

5

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1 THE CHAIRMAN: The Owen Sound Chamber of
2 Commerce, Mr. McCansh.

3
4 SUBMISSION OF OWEN SOUND CHAMBER OF COMMERCE

5
6 ---Mr. J. McCansh appearing.

7 MR. McCANSH: Honourable Sir, I am here as
8 president of the Owen Sound Chamber of Commerce
9 merely to formally present our brief. As we brought
10 out in that brief, we support the submission of the
11 Canadian Shipbuilding and Repairing Association,
12 having in mind that if that fell by the wayside our
13 own economy would be further affected. We, in
14 Owen Sound, have noticed, and we cannot help but
15 notice, the tremendous impact that the seasonal
16 lay-off of those employed on the Lake ships has
17 on our local conditions. Normally, in the fall
18 months, merging into winter, our unemployment
19 figures rise from a very few to somewhere in the
20 neighbourhood of 1,200, 1,400 or 1,600, and from
21 500 to 605 -- I think those were the actual figures
22 last winter -- were employed normally in the Lake
23 shipping.

24 That is the point that we wish to emphasize,
25 and which we would like to stress, and that is all
26 I have come prepared to say, except that I know
27 that all of the ground we have covered has been
28 covered before, and it will be covered again by
29 others here. Colonel Kennedy of the Canada
30 Foundry in Owen Sound is here, and those represent-



1 ing the shipyards of Collingwood and Midland will be
2 speaking. It is the relation between Owen Sound
3 and district, just as it is with all of the other
4 smaller communities, that we wish to lay weight on.
5 I shall be very glad within my power to answer any
6 questions that you may have.

7 MR. MUNDELL: Q. Can you say as regards the
8 City of Owen Sound itself, what shipbuilding and
9 ship repairing is carried on there?

10 A. We have no shipbuilding and no ship
11 repairing industries in Owen Sound of any moment.
12 We have the smaller yards such as build small
13 pleasure craft, but there is no major shipbuilding
14 and ship repairing. Our main interest is in
15 businesses such as that of William Kennedy & Sons,
16 which, if it were not able to fill the needs of
17 the ship repairing yards, would suffer.

18 Q. Your interest is really the secondary
19 one of supplying components?

20 A. Yes, that plus the employment on the
21 Lake ships.

22 Q. Your primary interest is really in the
23 shipping industry and not in shipbuilding?

24 A. Exactly, yes.

25 Q. Assuming the worst, that shipbuilding
26 went to the wall but shipping continued, how would
27 Owen Sound be affected?

28 A. If shipping continued in Canadian
29 bottoms, yes, the Owen Sound employment picture
30



1 would still remain rosy. If those bottoms were
2 not Canadian, our sailors would not be sailing in
3 them, and therefore they would be unemployed.

4 Q. Can you give to the Commission a sort
5 of a sketch of the shipping in and out of Owen
6 Sound?

7 A. No, I am sorry, I could not give you
8 that in any detail for the simple reason that
9 these people of whom I speak -- the 500 or 600
10 citizens of Owen Sound -- do not necessarily sail
11 from Owen Sound.

12 THE CHAIRMAN: Q. A percentage sail from
13 Owen Sound?

14 A. Yes, obviously.

15 Q. For some reason or other, Owen Sound
16 has always been known as a home for Lake sailors
17 from a very long time back, as far back as the
18 time of Captain George Spence who was sailing
19 wooden schooners around there?

20 A. Yes, so that your question in regard
21 to sailing out of Owen Sound is one that I cannot
22 answer.

23 MR. MUNDELL: Q. There are three possible
24 interests you can have. One is as a supplier
25 of components, and you have answered as to that
26 by putting it on to Mr. Kennedy. Then, you have
27 the interests of your citizens, who are working
28 on the ships but not necessarily sailing in and
29 out of Owen Sound?
30



1 A. Yes.

2 Q. Then, what interest has Owen Sound as
3 a port?

4 A. We have very little traffic. We have
5 ships, possibly to the number of eight, that winter
6 there all winter. We have a grain elevator that
7 serves the Lakes. I am sorry, but I have not got
8 the number of ships at my fingertips, but our
9 main point, I would imagine, then, would be that
10 of the employment of our citizens plus any services
11 that we are able to render those few ships that
12 do call at Owen Sound, having in mind that if they
13 were foreign bottoms they would not be buying
14 supplies there. If they are Canadian bottoms
15 then presumably we would be able to outfit them so
16 far as food and so on is concerned.

17 Q. Would you expect that with the Seaway
18 Owen Sound will become a more important port?

19 A. We are hoping that as a result it will,
20 and the Federal Government must have some such
21 thought, because they are spending a considerable
22 sum of money fixing up the harbour with other
23 improvements to the harbour facilities.

24 Q. The trading in and out of Owen Sound
25 by ships now would be grain coming down?

26 A. Yes, very little, and then there are
27 the ships which go to the north shore and
28 Manitoulin Island.

29 Q. What ships are those?
30



1 A. The Owen Sound Transportation ships
2 which are owned in Owen Sound. There are four of
3 them. They supply the north shore and Manitoulin
4 Island with produce.

5 Q. Would you expect that if foreign
6 vessels were allowed to trade on the Lakes it
7 would affect that particular business?

8 A. Yes, I rather think it might. What
9 we envisioned ---

10 THE CHAIRMAN: Q. How can it, Mr. McCansh?
11 How could those boats that would trade there even
12 get across the ocean to start trading?

13 A. We presume ships would come along and
14 call at the ports and pick up any freight that is
15 available, and I have no doubt that as a result of
16 that they would have some effect on the freight
17 going out of Owen Sound.

18 Q. What ships would do this -- United
19 Kingdom tramps?

20 A. Yes, why not?

21 Q. If they got up into the Georgian Bay
22 I would be very surprised.

23 A. We do not envision that the ships
24 would be sent out from their home ports mainly
25 to take away our own trade in Owen Sound, but
26 as a result of their being on the Lakes they would
27 pick up these freights -- that is, unless they
28 were grain carrying ships alone.

29 Q. I think that would be small. What
30



1 is the capacity of that elevator there?

2 A. About 2 million bushels.

3 MR. MUNDELL: Q. I was thinking of the four
4 vessels you mentioned trading up into Manitoulin
5 Island, and in that area. I do not quite follow
6 you yet as to how foreign shipping would get that
7 trade.

8 A. Possibly we are thinking ahead too far.
9 What we had in mind was if Canadian bottoms
10 eventually are shut out of the Lake trade owing to
11 this competition that we cannot meet, then the
12 shipbuilding yards and the ship repairing yards, and
13 so on, in Canada would go by the board, and pre-
14 sumably these ships that we have at the moment
15 could not be replaced, or would not be replaced.

16 Q. What would you say as to the argument
17 that is sometimes put forward, and which would
18 apply more particularly to Owen Sound than to many
19 other places, that as a result of the Seaway and
20 other increases in trade the benefits from the
21 increased activity will far outweigh any possible
22 losses that might be appearing in Owen Sound where
23 there is no shipbuilding? What study has Owen
24 Sound made of possible benefits it will get from
25 the changes brought about by the Seaway?

26 A. It is very difficult for me to answer
27 a question like that for the simple reason that
28 Owen Sound is just one community in Ontario. All
29 of Ontario will presumably benefit by the Seaway.
30



1 The whole of Canada will benefit from the Seaway,
2 but just the same you cannot refute the argument
3 that we have from 500 to 600 employed in the ships
4 and they will be out of work, and that means that
5 employment will have to be found for them.

6 Q. The suggestion is put forward that as
7 a result of the increased activity in industry
8 brought about by the Seaway, there will be other
9 employment. Why would not that be an acceptable
10 alternative?

11 A. It would be an acceptable alternative,
12 certainly, and I have no doubt that your Commission
13 will reach a conclusion that is not dictated by
14 any argument that we can produce here, or which
15 is produced at any other point of the sittings.
16 We merely bring this to your attention as we see
17 it at the moment. We cannot envision what the
18 possible effect will be five years from now.

19 Q. What I am saying now is that you are
20 proposing to the Commission that steps be taken
21 to prevent the disappearance of Canadian ships by
22 reason of the Seaway because in the case of Owen
23 Sound there might be unemployment. Have you made
24 any study as to the probable alternatives, if
25 that particular employment disappears, which
26 might be more beneficial or more economical?

27 A. No, we can only see the foreign
28 bottoms taking away the trade from the Canadian
29 bottoms, which would end up in our continued
30



1 unemployment conditions. Possibly, some other parts
2 of the country might benefit, and possibly people
3 from here will go to seek employment elsewhere.

4 Q. You do not see any benefits from the
5 Seaway which might counterbalance any losses from
6 the disappearance of Canadian shipping -- that is,
7 not for Owen Sound?

8 A. No, not directly.

9 Q. I assume that you were here a moment
10 ago when Mr. Cranston was speaking?

11 A. Yes.

12 Q. I will condense this question: Have
13 you given any study or consideration to the problems
14 of other areas or other interests such as Newfound-
15 land, the Western grain grower and the B.C. Forestry
16 man?

17 A. Having spent more than 20 years in
18 British Columbia I cannot help but think what the
19 result will be, and having followed your Sittings
20 at the various places where the Commission has sat,
21 and the newspaper accounts of them, I know,
22 obviously, there are very many questions, and they
23 are most difficult ones to resolve. The unfortunate
24 thing is, though, that we are 17,500 people living
25 in the City of Owen Sound, and that is where we
26 want to live, and we have to be insular.

27 Q. But you have not given any study,
28 really, to the possible reconciliation of those
29 other interests?
30



1 A. No, but we have a very active indus-
2 trial commissioner, and he has in mind all these
3 facets, and he will be following them in due
4 course to attract other industry or other benefits.

5 Q. I am not making myself clear. You
6 have not studied how your proposals can be brought
7 into effect without hurting these other interests
8 in any way?

9 A. No, we have not.

10 Q. No. If you have it would be very
11 beneficial for you to give us your ideas.

12 A. No, those are our views, and we are
13 hoping you can do something to prevent it.

14 MR. MUNDELL: That is all, Mr. Chairman.

15 THE CHAIRMAN: Are there any further
16 questions, gentlemen? Thank you, Mr. McCansh.

17
18
19
20
21 MR. MUNDELL: Algoma Steel Corporation.

22 SUBMISSION OF ALGOMA STEEL CORPORATION, LIMITED

23
24 ---Mr. D. Holbrook appearing.

25 MR. HOLBROOK: My presence here to-day is
26 more one of making myself available to answer
27 any questions that have occurred to the Com-
28 mission. I only wish to say that our brief was
29 prepared in June, I believe, and, necessarily,
30 some of our estimates of the materials that we



1 would supply, ship or receive were tentative, and
2 at this date in the shipping season we find that
3 our estimates by and large have been conservative.
4 This year we will ship or control the shipping of,
5 in either imports or exports, receipts or shipments,
6 something over $5\frac{1}{2}$ million tons of bulk shipping.
7 I believe that that would make us one of the
8 largest, if not the largest, privately owned ship
9 materials receiving companies on the Canadian side
10 of the Lakes.

11
12 We, in the steel business, have specialized
13 problems. I do not for a moment pretend that I am
14 speaking for the steel industry. I would only say
15 that the problems of a basic steel producer, such
16 as Algoma has, are common to the industry generally,
17 and a further point I would like to bring out which
18 possibly was not emphasized very much in the brief
19 is the fact that the basic steel industry is a
20 most specialized industry, and probably depends on
21 transportation, and cheap transportation, to a
22 greater extent than almost any other manufacturing
23 business. The major point in our brief for
24 emphasis is the fact that an efficient shipping
25 industry, carefully managed and adaptable to the
26 needs of the consumer, is of the greatest single
27 importance, even greater, possibly, than the
28 freight rate itself.

29 I am available if there are any questions
30 which occur to you gentlemen.



1 MR. GERIN-LAJOIE: Q. Mr. Holbrook, would
2 you first tell the Commission what you mean exactly
3 when you say that Algoma Steel Corporation, Limited,
4 is a Canadian owned company? Do you mean that the
5 majority of the shareholders are residents of
6 Canada?

7 A. That is right.

8 Q. Regarding the second paragraph of your
9 brief, where you say that your company is the main
10 source of employment in Sault Ste. Marie, would
11 you have any figures as to the total employment
12 in that city?

13 A. In Sault Ste. Marie we employ
14 approximately 7,000 people. The total working
15 population there is approximately 11,500, I believe.

16 Q. And the figure of 7,000 includes
17 executive officials, and all persons in the
18 company?

19 A. Yes, that is right.

20 Q. Now, would you have any figures avail-
21 able as to the extent to which you supply, or to
22 which you are suppliers, to the shipbuilding
23 industry as compared to other activities?

24 A. I do not have such figures with me,
25 but I would be glad to furnish them to the
26 Commission. They are a little indefinite in that
27 we are suppliers both to the shipbuilding industry,
28 and to the industries which produce the com-
29 ponents that they use. I can say as a generality
30



1 that for the last ten years it has run into the
2 millions and millions of dollars, but I would be
3 glad to furnish statistics on that.

4 Q. And as compared to your total produc-
5 tion?

6 A. Yes.

7 Q. Now, you give two tables in your
8 brief -- or, rather, one table on two pages --
9 showing the material received by water transportation
10 only, I believe?

11 A. Yes, that is right.

12 Q. Now, I imagine that these tables cover
13 not only coastal shipping cargoes but also inter-
14 national cargoes between the United States and
15 Canada and, possibly, Canada and other countries;
16 is that right?

17 A. Yes, that is right. As a matter of
18 clarification, we will have only one cargo this
19 year for other than either Canadian or United States
20 destinations, and that is a cargo for the West
21 Indies.

22 Q. Now, would you explain the water
23 movements in and out of your company's docks --
24 first of all, let us have the cargoes in?

25 A. Our basic steel industry is typical
26 of any basic steel industry. The main materials
27 that are used in order to make the iron are iron
28 ore, coal, which is, of course, first made into
29 coke and put into the blast furnaces, and lime-
30



1 stone. Those constitute the major raw materials
2 both from a volume point of view and from a tonnage
3 point of view, and they form about 90% of our
4 shipments in. It takes approximately two tons of
5 iron ore to make one ton of pig iron, which is the
6 basic raw material that is in steel. The iron ore
7 is received from vessels by means of unloading
8 bridges, and these same bridges that unload the
9 vessels also service the ore^{yard} in moving the piles
10 or re-arranging them in any way, shape or form, and
11 they also charge the blast furnaces. So, from the
12 standpoint of iron ore the vessels must be very
13 closely co-ordinated with both the amount of
14 materials to be stored in the yard and also the
15 production of the blast furnaces themselves.

16 Q. Would you explain from where your iron
17 ore comes?

18 A. Our iron ore comes in major part from
19 the Mesabi -- that is, our lake ore -- from the
20 Mesabi in the Minnesota Range which is in Upper
21 Michigan. The Algoma Sinter, which a subsidiary
22 mines, is brought down by railroad because of its
23 proximity to the Soo. Iron ore is almost entirely
24 brought in from the United States. We have from
25 time to time used ore originating up at the
26 Canadian Lakehead at Steep Rock, but it is
27 predominantly United States ore. Our lake ore
28 shipped is substantial, about 1,560,000 tons.

29 Coal is brought in from our mines in West
30



1 Virginia, for the most part. It comes up to Toledo,
2 and then it provides a back haul for empty vessels
3 which otherwise would be going up to the Lakehead
4 from there. That is about 1,600,000 tons this
5 year. It takes about 1-1/3 tons of coal to make
6 a ton of coke, and it takes roughly a ton of coke,
7 or somewhat less than that, to make a ton of iron.
8 The coal that is used in the coke ovens is a mixture
9 of high volatility and low volatility coals, and
10 it is a special metallurgical mixture which requires
11 careful scheduling of the vessels returning. Our
12 coal cargoes, due very often to the uncertainty of
13 coal supply, which has affected us in the past in
14 certain parts of the season, have to arrive at the
15 rate of a cargo of coal a day to keep our works
16 operating.

17 Limestone, for the most part, comes in from
18 the Upper Michigan Peninsula, and it is brought in
19 by self-unloading vessels.

20 Fuel oil does not require much explanation.
21 It is brought in by tankers, and it comes from
22 Canada and the United States.

23 Q. Are you in a position to say in what
24 proportion?

25 A. I could not ---

26 Q. Roughly speaking?

27 A. I could not tell you. It depends
28 very much on the availability of the oil. A low-
29 sulphur oil is required. The ordinary fuel oil
30



1 is not suited for making steel because of the con-
2 taminates in it, and from time to time we buy the
3 oil that has the lowest sulphur.

4 Q. And it all comes by ship -- by tankers?
5 It does not come through any pipe line?

6 A. No, there is no pipe line. I would
7 say, generally speaking, the same will hold true
8 of the Canadian Furnace Company down in Port
9 Colborne which is a wholly owned subsidiary of the
10 Algoma Steel Corporation. They, too, receive ore
11 and some coke. We also ship iron ore from the
12 Michipicoten District on Lake Superior. That is
13 shipped almost entirely to the United States, and
14 provides an equivalent exchange of ores between
15 the two countries. The products that we ship are
16 steel ---

17 Q. Before coming to that would you give
18 me one explanation on fuel oil. I understand
19 that the fuel oil you use is of a special kind.
20 Is it commonly used on the market by other
21 industries?

22 A. Other steel industries, yes.

23 Q. But, other than steel industries?

24 A. No, because it is a premium oil in
25 respect to normally used foil oils which are used
26 for steam raising purposes, and firing of ships'
27 boilers, for instance.

28 Q. I am wondering if a pipe line was
29 to pass close to that region of Sault Ste. Marie
30



1 whether that could be used for your own oil, or if
2 your oil would have to come by tanker or some other
3 means of transportation?

4 A. The oil we use is a specially refined
5 product of very high viscosity, and it is not
6 normally transported in a pipe line.

7 Q. Coming back to the shipments out of
8 your company ---

9 A. Yes, this year we will be shipping
10 approximately 160,000 tons of steel by lake vessels,
11 250,000 tons of pig iron, and something over
12 6 million gallons of coal chemicals. Those are
13 special distillates such as toluol, xylol, benzol,
14 and various tars and creosotes which are shipped
15 down the Lakes. That is mostly for Canadian
16 consumption.

17 Q. Would you care to mention to what
18 ports those shipments go to?

19 THE CHAIRMAN: Q. They are all outgoing
20 shipments to Canadian destinations -- the 160,000
21 tons and ---

22 A. No, those are predominantly shipments
23 to the United States, Mr. Commissioner -- just a
24 moment; the 160,000 tons is predominantly
25 Canadian -- that is steel -- the 250,000 tons of
26 pig iron is predominantly to the United States,
27 going into the Michigan ports, and the coal
28 chemicals are, I believe, entirely to Canadian
29 destinations.
30



1 MR. GERIN-LAJOIE: Q. What are the main
2 Canadian ports you ship to?

3 A. We ship our steel almost entirely to
4 the ports of Sarnia, Detroit -- Sarnia, Windsor,
5 Port Colborne, Welland and Toronto. The pig iron
6 we ship predominantly to Port Colborne for re-
7 distribution down there; we trans-ship it down
8 there. The rest of the pig iron which would be
9 in excess of 200,000 tons per year goes into the
10 port of Saginaw on the Lower Michigan Peninsula.
11 That is a Lake Huron port.

12 Q. Does your company own any ships, or
13 operate any ships?

14 A. No, not directly.

15 Q. Do any of your subsidiary companies?

16 A. No.

17 Q. Is all your transportation done by
18 companies totally independent of your own?

19 A. No, not totally independent from our
20 own. Our company has interests in several steam-
21 ship lines, predominantly Canada Steamship Lines.

22 Q. Are your cargoes transported in and
23 out of your own docks mainly through Canadian
24 Steamship companies?

25 A. Yes, all of the iron ore that we
26 normally receive is transported by Canadian
27 vessels. All of the iron ore that we ship is
28 transported by Canadian vessels.

29 Q. Would you care to mention the
30



1 steamship companies which mainly do that trans-
2 portation?

3 A. Yes, our iron ore and lake ore imported
4 into our docks is predominantly carried by Canada
5 Steamship Lines. Our Algoma Sinter, which is the
6 product that we make, is carried entirely by Algoma
7 Central Steamship Lines. The coal is brought in
8 to our docks from Toledo almost entirely by
9 Canadian vessels. In the last five years prac-
10 tically every Canadian shipping company has had
11 some movement of that coal. In this last year
12 Canada Steamship Lines and Algoma Central Steamship
13 Lines carried practically all of it. As a policy
14 we have always supported the Canadian vessels --
15 almost entirely -- even though at times it has
16 not necessarily been the cheapest.

17 Q. Are there any differences in rates or
18 costs to you in the transportation between Canadian
19 and American shipping companies?

20 A. By and large the rates have been the
21 same. There has been no adjustment normally for
22 exchange so that while the Canadian dollar has
23 been at a premium we have, theoretically at least,
24 been paying a little higher rate to the Canadian
25 vessels than to the U.S. vessels, had we used
26 U.S. vessels. Similarly, from the port of
27 Toledo to Sault Ste. Marie the rates are not
28 always the same. There have been times over
29 the last ten years when the Canadian rate was a
30



1 little under the U.S. rate, and there have been
2 other times when the Canadian rate has been higher
3 than the U.S. rate, but not by more than 5% one
4 way or the other.

5 Q. Would you explain to the Commission
6 what reasons you have for believing that this
7 shipping setup in the Great Lakes as far as your
8 company is concerned might be disturbed by the
9 St. Lawrence Seaway?

10 A. Do you mean by the potentiality of
11 British vessels trading in the Lakes?

12 Q. Mainly, yes.

13 A. I tried to point out in our brief,
14 and it is most difficult to properly explain it
15 without telling all about the steel industry,
16 that the scheduling of bulk carriers into our
17 docks is a most specialized thing that has been
18 built up through a great mutual endeavour on the
19 part of the Canadian shipping companies and
20 ourselves.

21 Q. I quite appreciate this, but I am
22 afraid I have not made myself clear. I wonder how
23 the Canadian and American steamship companies
24 using ships at present for your type of trade
25 might be affected by the competition of British
26 bottoms?

27 A. That is what I was going to say.
28 This is a specialized industry where service is
29 of first importance, and the particular rate is
30



1 slightly secondary. If, however, British ships
2 come into the Lakes and by virtue of their cheaper
3 operating costs can undercut the Canadian shipping
4 industry it is reasonable for us to assume that
5 the Canadian shipping industry will not be so eager
6 to replace its own ships and look with great
7 confidence to the future, and there will be a
8 general weakening of the structure as a whole.
9 It can be argued, or it can be pointed out, that
10 the steel industry does not need to patronize the
11 British shipping industry -- our steel industry
12 at Sault Ste. Marie does not need to patronize the
13 British industry -- but the steel industry fits
14 in very closely with the grain industry. It has
15 been pointed out by one of the previous briefs that
16 the grain shipping movement is not always at an
17 even tenor over the whole season; that it is at a
18 peak early and at a peak late, and it happens that
19 iron ore cannot be shipped very early or very
20 late because of its potential freeze, so that the
21 iron ore and the grain industry tie in very
22 closely, and anything which weakens the industry
23 as a whole would have, as an end result, a
24 weakening of the efficiency of the service. Does
25 that answer your question?

26 Q. Yes. Do you know if the ships used
27 for the transportation of your iron ore and
28 other products, even out of your company docks,
29 are used for a certain period of the year
30



1 exclusively in that type of transportation?

2 A. No, there are almost none of the
3 vessels which are used exclusively in that type
4 of transportation except the self-unloaders which
5 are designed for one product, and that is limestone.
6 The vessels that bring in ore to Sault Ste. Marie
7 will go back empty, and stay pretty well in the
8 ore trade for two or three trips, and then it may
9 be that the particular ore piles that they have
10 been servicing will be full, and we do not need the
11 ore, so then the vessels will take a turn at some-
12 thing else and they will be sent down on a long
13 trip down the Lakes and come back with coal, and
14 maybe in coming back with coal they can go up to
15 the Lakehead empty and be cleaned out and put in
16 the grain pool until we are ready again to receive
17 ore by the vessel.

18 Q. You mentioned that the movements in and
19 out of your docks have to be planned and scheduled
20 very carefully?

21 A. Yes.

22 Q. That does not mean that they have to
23 be regular?

24 A. It means that they have to be most
25 regular because the same bridges which unload
26 the vessels also service the blast furnaces, and
27 we cannot have two or three vessels coming in
28 and have to drop everything and unload the
29 vessels and neglect the blast furnaces. It has
30



1 to be carefully apportioned to keep the vessels at
2 peak efficiency, and the blast furnaces at peak
3 efficiency.

4 Q. I am trying to find out how you
5 reconcile this required regularity of service with
6 what you have just mentioned earlier, that ships
7 might go for some other type of transportation for
8 a certain period of the summer.

9 A. That is right.

10 Q. How can you reconcile these two
11 positions?

12 A. Because the regularity must be on our
13 terms. I do not necessarily say -- I mentioned
14 the fact that the ore in this particular pile --
15 we use four or five different analyses of ore, and
16 while we may be caught up on one analysis there
17 may be room for another that comes from the Wesabi
18 Range, and that is scheduled carefully.

19 Q. Is it so many ships a month?

20 A. It is an average of more than --
21 between all of our docks it is an average of more
22 than three ships per day. I think it is about
23 645 cargoes.

24 Q. And is this scheduled for the whole
25 season?

26 A. We must know at the beginning of the
27 season what our ore requirements are, and where
28 they will be coming from, and what vessels will
29 be available to us, and the fact that we will be
30



1 taken care of for so much tonnage. In fact, as of
2 this date we have already made tentative arrange-
3 ments for our ore for next year, as to the quantity
4 and, roughly, the analyses, and the ports of
5 shipment.

6 Q. But you say the ships have to be ready at
7 your call more or less?

8 A. Yes, that is quite right. Normally
9 the ships that are in our service are scheduled
10 from our office at Sault Ste. Marie.

11 Q. Do the shipping companies know at the
12 beginning of the season on what dates they will be
13 required to be at your docks, or not?

14 A. They know, for instance, this month
15 that we will be bringing in 280,000 tons of ore
16 and 250,000 tons of coal. They know that that
17 will be roughly 23 or 24 ore cargoes, and possibly
18 25 coal cargoes, and they must have that many
19 cargoes available to us at a rate of approximately
20 one a day. They must be available at the proper
21 port -- that is, from wherever the ore is shipped,
22 whether it is Duluth at the American Lakehead,
23 or Marquette on Lake Superior or Escanaba down on
24 Lake Michigan.

25 Q. Regarding the competition problem of
26 the United States built and registered ships you
27 mentioned the cheaper operating costs of the
28 United States registered ships?

29 A. Yes.
30



1 Q. Do you envisage the coming of ships
2 specially designed for lake transportation and for
3 ocean transportation?

4 A. I do not pretend to be that much of a
5 predictor of ship design. There has been talk of --
6 and I believe that there are some boats being
7 built which are adaptable both to ore and to oil,
8 and it seems to me that there is a strong
9 possibility of foreign vessels coming in which
10 could trade in grain or ore during the lake shipping
11 season, and when the Lakes freeze up can trade in
12 oil or whatever else is available on the ocean.

13 Q. Have you made -- I will not say a
14 personal study, but have you considered personally
15 this problem, or do you rely on the evidence put
16 forward by the steamship companies and ship builders
17 in this respect?

18 A. We have made no such study whatsoever,
19 personally, or anything. I have not heard the
20 evidence put forward, but I have had some first-
21 hand discussions with various people in Ontario.

22 Q. I am wondering if I should ask you a
23 few questions on that, or do you say you are
24 relying on the evidence of the shipping companies
25 or the shipbuilders who will appear, or who have
26 appeared, before this Commission?

27 A. No, I believe we have tried to be
28 clear in our brief that we presume that the
29 Commission would have a full inquiry into a great
30



1 many technical matters which would be entirely
2 beyond the scope of our brief, and that we did not
3 put forward any specific recommendations other
4 than that the Canadian shipping and shipbuilding
5 interests be given a measure of protection. The
6 form of that would be entirely up to the
7 Commission.

8 Q. But you do not have any suggestion to ---

9 A. No, sir. We do not, other than that
10 we are interested in a strong, firm Canadian
11 shipping industry. It has taken a lot of time to
12 build it up, and we would not want to see it
13 weaken. Our own company has, for instance, had
14 to rely on American vessels because ^{the} Canadian Lake
15 shipping industry was not strong enough to adequately
16 serve the Algoma Steel Corporation's requirements.
17 For years we had to bring our coal up in American
18 vessels because there just were not enough Canadian
19 vessels, and they did not fit into our scheduled
20 requirements, and particularly in the last five,
21 six or seven years we have had a considerable
22 resurgence of Canadian shipbuilding, and we believe
23 that steel is basic to Canadian industry, and we
24 look to see at long range a continued expansion of
25 the industry and the Canadian shipping industry
26 is going to have to keep relatively strong, or
27 it will lose its position.

28 Q. May I ask if your company suffered
29 any inconvenience from the fact that it had to
30



1 rely on American shipping for a while?

2 A. We did not suffer any particular
3 inconvenience at the time. However, our own
4 company has expanded tremendously along with the
5 rest of the steel industries, and the effective
6 economic capacity of the steel industry has been
7 more than doubled in the last six or eight or nine
8 years. Lake shipping has been traditionally short
9 until the last several years when new vessels have
10 been built. We did not feel that we could rely
11 on a game of catch as catch can in regard to a
12 vessel. We felt our own investment was getting
13 large enough that it warranted a better degree
14 of hedging against interruption of our coal
15 supplies.

16 Q. You could not get it from an American
17 steamship company?

18 A. No, American steamship companies over
19 the last three or four years have been extremely
20 busy.

21 Q. Is it just because of the lack of
22 craft, or are there other reasons to your
23 knowledge?

24 A. It was -- do you mean the lack of
25 American craft?

26 Q. Yes.

27 A. It was the fact that the steel
28 industry, and the steel industry in the United
29 States, was booming, and there just were not
30



1 enough vessels, and I do not think an American ship-
2 building industry would particularly want to invest
3 in new vessels for the Canadian market unless they
4 had assurance of very long-term contracts, and so
5 forth, which we were not particularly impressed
6 with unless we were driven to it. The Canadian
7 shipping industry has become stronger, and such
8 decisions of final consideration were not necessary.

9 Q. Now, I understand from what you said
10 that your interests in lake shipping were mostly
11 in international trade and not entirely Canadian --
12 that is, not the coasting trade. Is that right?

13 A. Yes, that is right.

14 THE CHAIRMAN: Q. In fact, there are only
15 two items of coasting shipping in all of your
16 movement -- the 260,000 tons of steel and the
17 6 million gallons of chemicals?

18 A. Yes.

19 Q. Everything else is international
20 trade?

21 A. Yes.

22 Q. You realize that even with the restric-
23 tion of the Canadian Coasting Trade to Canadian
24 vessels there would not be any interference with
25 the right of a United States ship to engage in the
26 trade which you outline -- there would be no
27 restriction on a United States ship or a Japanese
28 ship?

29 A. That is right, sir.
30



1 Q. What particular virtue, then, is there
2 in the restriction of the Canadian Coasting Trade
3 to Canadian built and registered vessels so far as
4 your company is concerned?

5 A. Because, Mr. Commissioner, the weakening
6 we see of the Canadian shipping industry. Possibly
7 it is worthy of note that although we are engaged
8 in an international trade we nevertheless throw
9 all of our shipping business wherever possible to
10 the Canadian shippers. We are ---

11 Q. To put it this way, then, you have
12 developed a liaison or co-operation with some
13 Canadian shipping companies, but those Canadian
14 shipping companies do not rely on you for the
15 whole of their revenue, and if the rest of their
16 revenue disappears they will not be able to
17 service you. Is that the proposition?

18 A. If the rest of their revenue is
19 lessened, and so forth, they will not be able to
20 serve us so efficiently -- yes, that is right.

21 THE CHAIRMAN: Yes, I understand it.

22 MR. GERIN-LAJOIE: Actually, Mr. Chairman,
23 I believe this witness and this company have not
24 advocated restriction in itself. They recommend
25 to the Government of Canada that it should take
26 measures to protect the shipping industry in this
27 country and actually -- that is on page 9 of
28 Brief No. B.106 -- actually, Mr. Holbrook
29 mentioned that he did not wish to make any more
30



1 specific recommendation to this Commission.

2 Q. Is that right, Mr. Holbrook?

3 A. We do not particularly pretend to be
4 as competent as the Commission is after hearing
5 the situation in mentioning the exact form that
6 such a protection, and so forth, should assume.
7 We say we are interested in one thing, and that is
8 a strong Canadian shipping industry.

9 Q. And regarding the means of achieving
10 that, you would leave it to the Commission?

11 A. Yes, we would rather do that.

12 Q. Of course, you appreciate that the
13 Commission likes to have any possible suggestion
14 put forward by any person who has any ---

15 A. I imagine the Commission has heard
16 all the suggestions that can be made.

17 THE CHAIRMAN: Thank you very much.

18 COMMISSIONER WICKWIRE: Q. Mr. Holbrook,
19 you mentioned that Algoma does not own or operate
20 any ships, yet you have a predominant interest in
21 Canada Steamship Lines?

22 A. Yes.

23 Q. How predominant is that interest?

24 A. We have a voice on the board of
25 Canada Steamship Lines. I myself am a director
26 of Canada Steamship Lines, and we are closely
27 associated with it.

28 Q. So you would have no difficulty in
29 getting scheduled shipments out of Canada
30



1 Steamship Lines?

2 A. That is right.

3 Q. At any time?

4 A. Within a reasonable -- no, I would not
5 put it in that way. Within a reasonable degree
6 of co-operation we have found them to give us
7 excellent service, as is the case of Algoma Central
8 Steamship Lines.

9
10 Q. Is your interest the same in Algoma
11 Central Steamship Lines?

12 A. No, it is not.

13 Q. None at all?

14 A. Not of any significance.

15
16
17 THE CHAIRMAN: Now, I believe there is a
18 representation by Mr. Alport, Mr. Mundell?

19 MR. MUNDELL: Yes, Mr. Commissioner.

20 SUBMISSION OF MR. FREDERIC ALPORT

21
22 ---Mr. F. Alport appearing.

23 MR. ALPORT: My lord and gentlemen, I have
24 prepared a very brief brief on the aspect of
25 national defence and its relation to Great Lakes
26 shipping, and I would ask to be heard.

27 The only self-sufficient peoples or tribes
28 have a subnormal living standard. All others must
29 have unrestricted interchange of raw materials
30 and manufactured goods in order to maintain a



1 decent standard. This may be a very wise provision
2 of Providence in order to bring the world closer
3 together and to teach peoples and nations that they
4 are dependent on one another.

5 A very great part of these raw materials or
6 manufactured goods and food stuffs must be
7 transported across oceans. Harbours have been
8 developed with Docks, storage sheds, unloading
9 facilities and railway terminals to ship and
10 receive these materials and load them for transport
11 by rail to and from the points where they are
12 required, made or grown. Our harbours then, are
13 the key point in our economy.

14 These Harbours, being on the coasts, are
15 extremely vulnerable to enemy attack, must more
16 so than if they were inland, and there are not
17 very many of them. Those in Canada and the
18 United States are as follows:-

19 East Coast

20 West Coast

21 Canada - Montreal (which is
22 quite inland)
Halifax
St. John (small)

San Diego
Los Angeles
San Francisco
Seattle
Vancouver

23 United States-

24 Portland (small)
Boston
New York
25 Elizabeth (small)
Perth Amboy (small)
26 Philadelphia
Wilmington
27 Baltimore
Charleston (small)
28 Savannah (small)
New Orleans
29 Galveston
30 Corpus Christi



1 These total 21 with 6 of them being small and of
2 minor account.

3 An attack by an atomic bomb could come in
4 four ways:- by aeroplanes coming down either coast
5 outside the range of radar (which is about 200 miles)
6 and turning into the target; by submarine attack
7 with a torpedo having an atomic warhead, by submarine
8 attach firing a guided atomic missile at a range of
9 150 or more miles, or by cargo ship carrying an
10 atomic bomb which would be fired by a clock
11 mechanism.

12 If there are any doubts as to the danger of
13 such an attack, I would point out that the United
14 States, at a cost of many millions, is building
15 steel islands at the edge of the continental shelf
16 along the East Coast. Their purpose is to increase
17 the radar warning range. There was a picture of
18 one of them in the Press a short time ago.

19 Such an attack would, of course, be a sneak
20 of which we have a pattern in Pearl Harbour. If
21 successful, this continent would become a 3rd class
22 power overnight, and the nation making the attack
23 could win the world in six months.

24 All ship building and ship repair facilities,
25 as well as harbours, would be destroyed. It is
26 therefore obvious that we would have to depend on
27 those in the Great Lakes which would only be open
28 to attack from the air. Since we have several
29 radar warning lines across our country, such an
30



1 attack would be difficult.

2 I repeat again, the ship building and repair
3 facilities in the Great Lakes are absolutely
4 necessary to our National Defense, and must be
5 maintained as going concerns. To this end, they
6 must have Canadian ships to build in order to
7 develop skilled craftsmen and to maintain modern
8 plants.

9 If Foreign ships are permitted to trade
10 without restrictions in our Lake Ports, it will
11 mean that ships of Canadian registry will have to
12 meet foreign competition. This is not possible
13 since our sailors can't and won't work for as low
14 wages as those from abroad, because of our higher
15 standards and cost of living. If a war should
16 come our trained lake sailors are an indispensable
17 national asset.

18 The defence of Canada is paramount and
19 should be the only consideration affecting Great
20 Lakes shipping. It is beyond dispute that our
21 lake shipping, ship building, and repair facilities
22 are vital to our defence and that they must be
23 protected from cheap foreign competition in order
24 to survive. It appears that this can be done
25 better and cheaper by regulating the movement of
26 ships not of Canadian or American Registry. Such
27 protective regulations are in effect in the United
28 States.

29 MR. MUNDELL: Q. Would you outline for the
30



1 benefit of the Commission, Mr. Alport, your
2 qualifications in relation to the shipping industry?

3 A. Well, I have been for several years a
4 consulting engineer for both the Collingwood and
5 Midland shipyards. During the war I was with the
6 Royal Canadian Navy in Halifax, and was on the
7 Planning Committee -- the Naval Planning Committee.
8 In 1943 I was taken to Ottawa by the Navy as
9 Consulting Engineer (Navy), and was attached to
10 the Plans Commission. I am still a consulting
11 and professional engineer.

12 Q. In regard to the Planning Committee
13 can you give us a little clearer idea of what is
14 meant by that?

15 A. Well, the Plans Committee at Naval
16 Headquarters actually dealt with policy.

17 Q. Is that in regard to ship design or
18 shipbuilding?

19 A. No, they had nothing whatever to do
20 with ship design and they had nothing whatever to
21 do with shipbuilding. It was generally on a much
22 higher plane than that.

23 Q. They had strategic considerations in
24 mind?

25 A. That is right. Some of them I did
26 not get in on, but quite a lot of them I did.

27 Q. What would that be concerned with in
28 relation to shipyards and shipbuilding?

29 A. With the Navy?
30



1 Q. Yes?

2 A. Well, during the war on the East Coast
3 there was required a considerable amount of ship
4 repair facilities. I built quite a few of those
5 in the Maritimes. For instance, there were marine
6 railways. I think I built 11 or 12 of them --
7 that is, they were built under my direction. I
8 was the head, and I had a staff of about 90 under
9 me, and I just saw that they were built properly.
10 I did not go out and build them myself.

11 Q. One of them would be in the North at
12 Bay Bulls?

13 A. I had not much to do with that one.

14 Q. Yours were on the mainland in Nova
15 Scotia, were they?

16 A. Yes, on the mainland.

17 THE CHAIRMAN: Q. Sydney?

18 A. Yes, I built one at the Clarke place
19 there of 3,000 tons, and I think we repaired the
20 ones that they had there. There was one of
21 2,000 tons, and I also built a 200 ton one over
22 at the Sydney Naval Base.

23 MR. MUNDELL: Q. This is not relevant to
24 the local consideration, but can you estimate the
25 cost of building a marine railway that would take,
26 say, a 200 ton fishing schooner?

27 THE CHAIRMAN: A coastal schooner; not a
28 fishing schooner.

29 MR. MUNDELL: Q. Yes.
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A. What would be the tonnage?

Q. Say, 200 tons?

A. I think, probably, you could build it for around \$100,000. It might be a bit less.

Q. This is a marine railway?

A. Yes, a marine railway.

Q. That is a question that has come up several times, and since you have mentioned you have had this experience ---

A. I have forgotten what our costs were there, but you must remember that our costs were wartime costs where everything was higher and everything was hard to get.

Q. That estimate, I might say, compares with everybody else's. Your interest in submitting this brief to the Commission -- what is your specific interest?

A. There is personally no specific interest except that I feel that national defence is a major consideration here at this time. Now, if it were the piping times of peace, it would be a different proposition, but it is not. We are still in the cold war, and that is our largest consideration, but I still think that Canadian shipping must be protected. We have got to have it. We have got to have our Canadian fleet.

Q. Why do you say we have to have it, Mr. Alport?

A. Well, it is an industry, and it is



1 a big one.

2 Q. Supposing we can get the job done more
3 cheaply by ships of other countries and divert
4 through, I admit, a painful readjustment people
5 in the Canadian shipping industry to other
6 industries? Why must we have a Canadian fleet?

7 A. Well, there would be nothing to prevent
8 ships of any nation coming in and trading between
9 Canadian ports all summer, and going out and
10 trading elsewhere in the fall.

11 THE CHAIRMAN: Q. There is something to
12 prevent it, Mr. Alport. There are the provisions
13 of the Canada Shipping Act.

14 A. Pardon, sir?

15 Q. The provisions of the Canada Shipping
16 Act prevent it.

17 A. At the moment?

18 Q. It limits it to ships of the British
19 Commonwealth, which, in effect, limits it to either
20 Canadian or United Kingdom ships, because I do
21 not know of any Australian ships which are
22 engaged in the coasting trade?

23 A. No, as far as I know there are not,
24 but there is nothing to prevent the British from
25 buying a ship from the Germans, who can build it
26 cheaper than the British can build it, putting a
27 crew on it, putting it in a different registry,
28 and sending it over here to trade.

29 Q. They have to pay a 25% duty?

30



1 A. They could even do that, I believe,
2 and undercut the British prices for ships.

3 MR. MUNDELL: Q. If the shipping could be
4 carried on more economically why should we not do
5 it that way -- that is, apart from the defence
6 aspect? You have dealt with defence, but I am
7 wondering now why we must have a fleet.

8 A. There are always emergencies that
9 come up, and our men obviously cannot work on various
10 ships of various governments because they would not
11 be paid enough -- am I right?

12 Q. But if we can get somebody else to do
13 it -- to hew the wood and draw the water -- why
14 should we not let them do it more cheaply?

15 A. Does not that apply all over Canada?
16 Do we not do things in other industries where we
17 can get the manufactured goods cheaper from other
18 countries? I think we do, and we put on duties
19 to keep them out. You find that in the textile
20 industries; is not that right? That is to
21 protect the textile industries. We find it in a
22 great many other industries. Why should we not
23 protect our shipping industry in the same way?

24 Q. Maybe we should take it off the other
25 things?

26 A. Maybe we should, but then what would
27 our people do? There is a limit as to how far
28 you can go with those things, but the shipping
29 industry should be no different from the textile
30



1 industry, or any other industry that is protected.

2 Q. Would it not be a fair thing to say
3 that you would have to study all the other
4 industries which are protected, and ask them the
5 reasons why they are protected, and then see if
6 they apply to the shipping industry?

7 A. I will go along with you there.

8 Q. In other words, would it be fair to
9 say that you feel that as a part of our own
10 national transportation system we should have a
11 fleet of vessels under our control?

12 A. I think that is entirely correct.

13 MR. MUNDELL: That is all, thank you.

14 MR. ALPORT: Thank you very much.
15

16 _____

17 THE CHAIRMAN: I do not think we should
18 commence another brief now. We will adjourn
19 until 2.30.
20

21 ---Whereupon the hearing adjourned at 12.50 p.m.
22 until 2.30 p.m.
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AFTERNOON SESSION

---Upon resuming at 2.35 p.m.

THE CHAIRMAN: Yes, Mr. Mundell?

MR. MUNDELL: The next brief is on behalf of the Midland Shipyards Limited, Mr. Chairman, and I understand the presentation on behalf of the Collingwood Shipyards is being made at the same time.

MR. H.W. WALTON: That is correct.

MR. MUNDELL: And also on behalf of the Town of Midland and the Town of Collingwood?

MR. H.W. WALTON: Yes.

MR. MUNDELL: And the Mayor of Collingwood has a few words to say.

HIS WORSHIP MAYOR G. BRANIFF (Collingwood): Mr. Chairman and members of the Commission, it gives me great pleasure at this time to welcome you to this area, and along with the Reeve and Deputy Reeve of Victoria Harbour, and the Harbour Commission, to voice on behalf of all the municipalities our appreciation for the arranging of this hearing in our area.

We have felt from the start that a local hearing would give you an opportunity of questioning men of the calibre of Mr. Cranston and Mr. Walton, and that a lot more would come out of this hearing than would be the case if Mayor Parker and myself were to speak solely on behalf of our



1 municipalities.

2 We in Collingwood do feel we will be vitally
3 affected by the outcome of your rulings when your
4 deliberations are completed, and we wish you every
5 success in your studies, and we hope that you will
6 be able to make some strong recommendations at the
7 end of these hearings. One reason why we in
8 Collingwood are so vitally affected is that the
9 shipbuilding industry is one of the major
10 industries of the town, and, as you know, in the
11 war years it employed up to 1,200 people. At the
12 present time we are down to a low of 100 or 125
13 persons, and in normal times we seem to operate
14 in the Collingwood yards with about 600 people.
15 Then, we have a sailor and marine population of
16 about 400 people who ply the Great Lakes trade as
17 captains and mates, and so on, on the various
18 ships. We have the elevators in Collingwood, and
19 we have some worry as to the future effects of
20 foreign vessels coming in and moving the cargoes --
21 the effects that might have on our elevators.

22 With three of our sources of employment so
23 vitally affected there, we are worried as to what
24 the outcome of it will be. In January of this
25 year we had 800 people unemployed in Collingwood,
26 which is about one-third of our male working
27 population, and it was a considerable worry
28 to us.

29 On one occasion the Deputy Reeve and I had
30



1 the pleasure of seeing your Commission in operation
2 in Winnipeg, and hearing a brief from the other
3 standpoint in the Province of Manitoba, and I would
4 like to tell the other gentlemen assembled here
5 to-day that we are very pleased with the way your
6 Board heard those comments, and with the way those
7 persons who appeared were cross-examined, and if our
8 people are cross-examined on their views I would
9 like to assure them that I heard these other people
10 being cross-examined the other way. I am sure
11 that any recommendations you make will be fitting
12 and proper, having regard to all the people who
13 will be affected by the St. Lawrence Seaway.

14 There is one major problem that we do have,
15 and that is as regards older workers in Collingwood.
16 We have a number of people who have served their
17 full lives in the shipyards, and it is not easy for
18 these people to attach themselves to other industries.
19 I have read in some of your briefs that they can
20 attach themselves to other industries, and that
21 the shipyards should be let go to the wall. The
22 younger men can do that, and we are to-day losing
23 the nucleus of trained young people who are going
24 to other work, and we are having difficulty in
25 bringing them back to our community. But, we are
26 saddled with the older worker who has no place to
27 turn to because of years of working with one
28 employer and because of lack of confidence in
29 himself. He, in turn, must turn to the municipality
30



1 if he cannot find work. These are some of the
2 people with whom we are vitally concerned, and the
3 Maritime Commission has said that in cases of
4 emergency you must have a nucleus of 7,000 trained
5 men, and I think it meant that they must be younger
6 men who would be attached to the shipyards but
7 engaged in a diversified line of work. The older
8 men cannot do the job over a long number of years.
9 There will have to be young people coming up
10 through, and the nucleus of yards will have to be
11 chosen at some place either on the Great Lakes or
12 somewhere in Canada where you can give them a bit
13 of steady employment, and there will have to be the
14 younger workers being trained instead of just having
15 the older workers there or you are going to lose
16 this nucleus of young trained people which you need
17 so badly.

18 In our own area the Owen Sound Chamber of
19 Commerce was represented here this morning, and
20 it spoke for a great number of suppliers of things
21 used in shipbuilding, and I have tried to further
22 the apprenticeship of younger people to help in
23 the shipyards. There is just not much future
24 for a young man to serve an apprenticeship if you
25 cannot guarantee him work to do. Unless there
26 is enough work in one of these places to have
27 both younger and older workers there it will not
28 do much good because, as you know, they are on
29 yearly agreements and credit is given to
30



1 seniority, and the older man is the one who has
2 the seniority. Ways and means must be found so
3 that one or two yards can be protected in order to
4 protect this nucleus of men.

5 I would like to thank you for this oppor-
6 tunity of being able to come and join here in
7 hearing the various discussions, and I think that
8 a lot of good will come out of them. I would
9 like to step down from any further discussion in
10 order that men of the calibre of Mr. Walton, who
11 understands shipbuilding, can give their views to
12 the Commission.

13 THE CHAIRMAN: Thank you, your worship.
14 You have been very helpful.

15 MR. MUNDELL: I wonder if I could ask his
16 worship one or two questions.

17 Q. Has there been any study made of the
18 problem by your municipality? As I understand
19 it, you have really three concerns -- there are
20 the shipyards, the shipping industry, and the
21 elevators. Has any study been made by you as to
22 what possible effect the Seaway is going to have
23 on the operation of the elevators? Do you
24 expect that they will continue, or is it expected
25 that they will lose business because of the
26 Seaway?

27 A. Actually, to be truthful with you,
28 we have not concentrated so much on the elevator
29 part of it because, as you will realize from the
30



1 figures which you no doubt already have, our
2 elevator is one of the smaller ones on the Great
3 Lakes, and the employment part of it is smaller.
4 I do not wish to burden this Commission with too
5 much detail by getting into a too varied phase
6 of it, but we thought that we should concentrate
7 on the other phase of it and let other places
8 like Port McNicol and Port Arthur give you the
9 true version because you will have to give
10 consideration to the places with the largest
11 storage.

12 Q. I am just wondering if you had made
13 any study as to what the effect of the Seaway
14 would be?

15 A. No, and that is the reason.

16 Q. I was wondering if you had given any
17 study to the operators' side of the problem;
18 whether you have studied the question of the effect
19 of the Seaway in relation to the shipping industry
20 and in relation to Collingwood and Midland --
21 that is, the ship operating and not the ship
22 building?

23 A. Two years ago there were two vessels
24 from the United Kingdom which came into the Great
25 Lakes trade, and they hauled salt, I believe,
26 from Port Arthur to Collingwood with British
27 sailors while our sailors were walking the
28 streets unemployed, and that, in my opinion, is
29 just a small portion of what could happen.
30



1 Ships could come in under British registry, or
2 some other registry, and employ British crews.
3 These crews have low rates of pay. . They went
4 back home for their repairs at the end of the
5 season. I think it is very vital that we continue
6 to use the marine men who are here in Canada. I
7 think Collingwood speaks well for itself. A
8 large number of men enlisted from Collingwood, and
9 there were many of them with Petty Officer ratings,
10 and so on, because of their training and under-
11 standing of ships.

12 THE CHAIRMAN: Q. What trade were those two
13 ships engaged in?

14 A. Possibly Mr. Walton will be able to
15 verify the trade they were in, but they were
16 plying between Port Arthur and Collingwood hauling
17 cargoes to the elevators in Collingwood. I do
18 not know whether it was the grain trade or whether
19 it was salt.

20 MR. MUNDELL: Q. But you have not made a
21 study of the pattern of movement which will result
22 from the Seaway?

23 A. No, we felt there were other people
24 more competent to do that. We are only elected
25 for one year, and we do not wish to get into
26 something that could not be backed up, and we
27 felt that some of these larger developments are
28 more capable of answering those questions.



1 MR. MUNDELL: I should have mentioned, Mr.
2 Chairman, that the briefs are B-63 on behalf of
3 the Collingwood Shipyards Limited and the Town of
4 Collingwood, and B-64 on behalf of Midland Shipyards
5 Limited and the Town of Midland.

6
7 SUBMISSION OF COLLINGWOOD SHIPYARDS LIMITED,
8 TOWN OF COLLINGWOOD,
9 MIDLAND SHIPYARDS LIMITED, and
10 TOWN OF MIDLAND.

11 ---Mr. W.H. Walton appearing.

12 MR. WALTON: Mr. Chairman and gentlemen, I
13 do welcome this opportunity to say a few words on
14 behalf of the shipbuilding industry of this district.
15 The people of these Georgian Bay towns of Midland
16 and Collingwood are vitally interested
17 in the Shipbuilding Industry and anything that
18 would tend to create work for the local shipyards.

19 This area has been very much dependent on
20 the building of ships for the past seventy five
21 years.

22 From the inception of these yards until 1920,
23 (which by the way included the period of the first
24 World War) the Great Lakes shipyards were busy
25 building ships. The fact that the men had the
26 skill and the know-how, and the yards had the equip-
27 ment, enabled them to play a very important part
28 in the building of Merchant Vessels and Mine-
29 sweepers during the First World War.

30 During the period between 1924 and 1939
there was very little shipbuilding in the Canadian



1 Great Lakes shipyards.

2 Canadian Naval Architects, Engineers, and
3 Skilled Craftsmen who had been trained in our
4 shipyards and had their homes in these Georgian
5 Bay towns had to find work elsewhere.

6 The result was that most of these people
7 with their families moved into the vicinity of
8 shipyards in the United States both on the East
9 Coast and the Great Lakes, where the restriction
10 of their Coastal Trade created a fair amount of
11 shipbuilding.

12 Because we Canadians permitted our ship-
13 building industry to almost disappear during the
14 years between the two wars the Canadian Government
15 had to spend almost forty million dollars to
16 revitalize the Canadian Shipyards in order that
17 ships for defence, and to transport men and
18 materials could be built.

19 Much vital time was lost in training men to
20 build ships. Thus our experience in the last war
21 provided us with proof that we should never allow
22 our shipyards to again become as idle and obsolete
23 as they were immediately prior to the last war.

24 It takes years to train shipyard personnel
25 and obtain the necessary facilities and equipment
26 in order to get an obsolete shipyard back to
27 full scale production.

28 The people in these Georgian Bay ship-
29 building towns do not want to see these shipyards
30



1 become obsolete again. We feel that Canada needs
2 a shipbuilding and shipping industry of her own.
3 Firstly because as a growing nation whose long
4 coast lines are best served by water transportation
5 she should be carrying her own goods in her own
6 Canadian ships, and secondly as a means of survival
7 in case of a national emergency.

8 Shipbuilding on the Great Lakes has had many
9 periods of high activity and also many periods
10 of slackness since 1912 when I first commenced
11 working in a Great Lakes shipyard. It has often
12 been said of this industry "it is either a feast or
13 a famine", but that is also true of a lot of
14 construction industry. However I have no doubt
15 that the slack periods would not have been of such
16 lengthy duration if our own Coastal Trade had been
17 restricted to Canadian built ships.

18 I remember back in the early twenties
19 when these shipyards were idle, ships were being
20 built for the St. Lawrence Great Lakes trade in
21 large numbers in U.K. shipyards. During this same
22 period our own Great Lakes fleet was being augmented
23 by importations of many old United States vessels
24 which because they were obsolete from their
25 American owners' viewpoint could be bought for
26 ridiculously low prices.

27 Approximately about fifty per cent of the
28 Canadian upper lakes fleet are these old United
29 States vessels sold into the Canadian trade.
30



1 In the past few years this fleet has been gradually
2 augmented by the addition of a number of large
3 Canadian built ore and grain carriers.

4 I was working in a United States shipyard
5 from 1922 to 1936 and the shipbuilders in that
6 country were very pleased when old American vessels
7 were sold to Canada, because it meant more ship-
8 building for the American shipbuilders. Replace-
9 ments had to be built in the United States because
10 in that country the Coastal Trade was restricted
11 to American built ships.

12 During recent years the practice of bringing
13 old American ships into Canada has practically
14 ceased, and the Great Lakes yards have benefitted
15 considerably. However when the St. Lawrence
16 Seaway is completed, ships for this trade can be
17 built in the United Kingdom thus reducing the
18 operations of the Great Lakes yards to practically
19 repairs only, unless the Coastal Trade is restricted
20 to Canadian ships.

21 These shipyards could not exist on the
22 amount of repair work available today. Radar and
23 other modern navigation aids have considerably
24 reduced the hazards of navigation, and thereby the
25 amount of ship repairs to be made.

26 If we reserve our Coastal Trade to Canadian
27 built and registered ships the loss to the United
28 Kingdom's present shipping and shipbuilding
29 industries will be comparatively light. This
30



1 loss to the United Kingdom is outweighed heavily
2 by the necessity of maintaining a sound shipping
3 and shipbuilding industry of our own, if only as a
4 means of protection in times of emergency to both
5 Britain and Canada.

6 The Canadian Great Lakes fleet is worth
7 approximately \$150,000,000 and it must be maintained
8 and continually increased for our own Nation's
9 security.

10 In case of war we Canadians must have a
11 fleet of ships that can be controlled by our
12 government for the transportation of vital supplies.
13 Not to be so prepared is unthinkable.

14 No doubt in case of war the United Kingdom
15 shipping would want to help Canadian shipping if
16 they could, but the past two World Wars have proved
17 to us without any doubt whatever that the United
18 Kingdom did not have any ships to spare, and in
19 fact were so desperately short of ships for their
20 own survival that they had to rely in great part
21 on the shipbuilding potential of the North American
22 Continent.

23 The Canadian people must protect themselves
24 for any National emergency, by making certain that
25 sufficient shipping and shipbuilding facilities
26 are available at all times.

27 We have seen our Deep Sea Merchant Fleet
28 dwindle from approximately 1,500,000 tons to
29 less than 100,000 tons in the past seven years.
30



1 Let us make sure that our Coastal ships do not go
2 the same way.

3 If we reserve our Coastal Trade for Canadian
4 ships, we will have some measure of protection and
5 a nucleus of skilled shipbuilders when we need
6 them.

7 These Great Lakes shipyards are particularly
8 well located from a protection angle, and with
9 the opening of the Seaway could build and deliver
10 merchant and war ships expeditiously.

11 The Canadian Coastal Trade is strictly our
12 own Canadian business and we in this part of
13 Canada believe that a prosperous and growing
14 Nation such as we are cannot afford to be without
15 our fourth arm of defence -- ships and shipbuilding
16 with skilled men to build and operate them.

17 Now, I will give you an idea of what ship-
18 building has meant to this district in the past
19 five or six years. Since 1948 the Collingwood
20 Shipyards Limited has built six large bulk carriers,
21 and Midland Shipyards Limited four, making a total
22 of ten large ships. The total value of these
23 vessels amounts to approximately \$44 million.
24 Approximately \$24 million of this amount was spent
25 for the purchase of materials, and about 95% or
26 \$22,500,000 went for materials manufactured in
27 Canada. Wages paid in Collingwood and Midland
28 during their construction amounted to about
29 \$16,500,000.
30



1 When one considers the additional money spent
2 in wages in plants supplying our materials and
3 equipment, it will be seen that shipbuilding
4 contributes substantially to the benefit of many
5 other Canadian industries.

6 In the past five years from 1950 to the end
7 of 1954 the total payroll in Collingwood was
8 \$10,550,000, and without going into a lot of figures
9 that amounts to approximately \$1,000 per annum per
10 each family in Collingwood whether engaged in the
11 shipbuilding industry or not. In Midland in the
12 last four years -- 1950 happened to be a slack year
13 here -- the shipyards have paid \$5,634,000, and
14 that amounts to approximately \$750 or \$800 per
15 family per annum in the Town of Midland.

16 MR. MUNDELL: Possibly we should mark these
17 two documents as exhibits.

18
19 ---EXHIBIT NO. 151: Document headed, "Midland
20 Shipyards Limited; Distribution
 of Salaries and Wages Paid --
 Years 1951-1954."

21 ---EXHIBIT NO. 152: Document headed, "Collingwood
22 Shipyards Limited; Distribution
 of Salaries and Wages Paid --
23 Years 1950-1954. "

24 MR. WALTON: I did mention the possibility
25 of these yards being reduced to repair work only,
26 and in this period of from 1950 to 1954 the
27 ship repairs in Collingwood amounted to only
28 11% of the total volume of work, and in Midland
29 to only 7%.



1 MR. MUNDELL: Q. These are shown on
2 Exhibits 151 and 152?

3 A. That is correct. It goes up and down.
4 In 1950 it was 11%; in 1951, 13%; in 1952, 8%; in
5 1953, 14%; and in 1954 it dropped down to 6%. In
6 Collingwood ---

7 THE CHAIRMAN: Q. I suppose it is in inverse
8 ratio to the new work at the yard? If you have
9 no new work ---

10 A. Partly, yes, sir, but if you remember
11 in 1954 the grain trade on the Lakes was very poor,
12 and the ships were tied up at the docks with the
13 result that the ship owners did not spend any
14 more money than was absolutely necessary that fall.
15 Thank you very much.

16 MR. MUNDELL: Q. I wonder if I could start
17 with two questions I asked his worship, and then
18 come back to the shipyards. I wonder if you have
19 given any thought to the effect that the Seaway
20 might have on the elevator operation in Collingwood
21 and Midland?

22 A. Well, Mr. Mundell, I cannot say I
23 have given any serious thought to it, but I do
24 think that with the coming of the Seaway the
25 elevators at the Georgian Bay ports will only be
26 used for storage purposes, and for the transporting
27 of grain when there is a lot of grain being sold
28 and it cannot be handled by the eastern elevators.
29 I do believe that in the winter months the
30



1 elevators will be filled, because usually at the
2 close of the navigation season when grain is being
3 moved, every ship that can be put into service is
4 transporting grain down the Lakes with the result
5 that the volume of grain that is coming down is
6 far greater than can be taken down to the Seaboard.

7 THE CHAIRMAN: And from the Georgian Bay
8 it can go by rail to Saint John or Halifax.

9 MR. MUNDELL: Q. In general that is pretty
10 much the pattern now, is it not?

11 A. Well ---

12 Q. Is there much grain shipped through
13 here in the summer time that goes by rail?

14 A. Quite a bit.

15 Q. Not particularly in the mid-summer,
16 but in the fall?

17 A. It is spasmodic. Take the early
18 spring when the grain starts to move from the Head
19 of the Lakes, that creates the condition I have
20 mentioned, and these are as busy as the dickens.
21 At the present time grain has not been moving
22 very much out of these elevators, but last week
23 there were two ships into Collingwood so I imagine
24 they are selling grain again, or moving grain to
25 the Seaboard.

26 Q. I wanted to see if you thought there
27 would be any change when the Seaway comes through.
28 There will be a rush of grain here in the fall
29 to fill up and use this winter storage, and then
30



1 it can be moved east during the winter time by
2 rail, but you do not expect any summer or spring
3 business?

4 A. I would not say I would not expect any,
5 but it would be curtailed.

6 THE CHAIRMAN: Q. You would expect it when
7 Montreal is blocked up and cannot take any more?

8 A. That is right. You have different
9 seasons. In the spring you get a lot of grain
10 moving down all at once. Grain has been coming
11 into the Port Arthur elevators, and they have a
12 lot of grain to be got rid of, and usually when
13 the new grain starts to come in in August from
14 the Western Prairies the elevators at the Head
15 of the Lakes are trying to empty all they have
16 got.

17 COMMISSIONER WICKWIRE: Q. How do they
18 empty that? By trans-shipment?

19 A. Yes.

20 MR. MUNDELL: Q. You mean that they bring
21 it here ---

22 A. They pick it up at Port Arthur, and
23 bring it down to these Lower Lake elevators.

24 COMMISSIONER WICKWIRE: Q. And you say
25 that with the coming of the Seaway there will be
26 no trans-shipment?

27 A. I do not say there will be none, but
28 it will be curtailed.

29 MR. MUNDELL: Q. My next question is:
30



1 what do you say the effect of the Seaway will be
2 on the pattern of shipping on the Lakes as it
3 affects Midland and Collingwood and the Bay ports?
4 Do you say the shipping will go right by?

5 A. There is the grain trade which is
6 about all we have in these ports. We have a
7 little coal trade for the servicing of the district,
8 but the grain trade ships are naturally going to
9 take the grain from the Head of the Lakes either
10 right out or to a trans-shipping point at the
11 Seaboard. It might be Montreal, Sorel, or Quebec
12 or Seven Islands, or Halifax. When I say "Halifax",
13 I know these present Great Lakes ships can only
14 go as far as Seven Islands.

15 THE CHAIRMAN: Q. Is that a regulation,
16 or ---

17 A. It is a regulation. It is in the
18 Canada Shipping Act. They can go to a line from
19 the westerly end of Anticosti Island to some other
20 place which I cannot remember.

21 Q. Cap des Rosiers?

22 A. That is right.

23 MR. MUNDELL: Q. I wonder if we could come
24 to the shipyards. Can you give any estimate of
25 the capital invested in each of the yards?

26 A. No, I am afraid I have not got that
27 here.

28 Q. Can you furnish that to the Com-
29 mission?
30



1 A. Yes, I can furnish it to the
2 Commission.

3 THE CHAIRMAN: Mr. Belanger points out that
4 we already have that.

5 MR. MUNDELL: Q. And you have given on
6 Exhibits 151 and 152 the break-down on the construc-
7 tion of new ships and repairs in the last four
8 years?

9 A. Yes.

10 MR. MUNDELL: Those points are all covered
11 in the exhibits filed.

12 THE CHAIRMAN: Yes.

13 MR. MUNDELL: Q. Taking the Midland yard
14 first, I notice that you say in your brief that
15 it was re-opened in 1940. Was it closed down
16 prior to that?

17 A. Yes.

18 Q. For what period?

19 A. This is approximate, but from 1926
20 or 1927 to 1940.

21 Q. And no work of any kind was going on?

22 A. Not that I know of.

23 Q. And then it was re-opened in 1940,
24 and is now closed again?

25 A. Yes, it is practically closed now.
26 All we have there is a few watchmen.

27 Q. What is the condition of the equipment
28 and machinery? I mean, is it running? Can it
29 be re-opened to-morrow?
30



1 A. Yes, it could be re-opened to-morrow.

2 Q. Would you say it is a modern and
3 efficient yard?

4 A. It is a fairly modern yard. Yes, I
5 would say it is a fairly modern yard. A lot of
6 improvements could be made to it if we had enough
7 work.

8 Q. And going to the Collingwood yard ---

9 THE CHAIRMAN: Q. And what would those
10 improvements be? I think there is a great deal
11 in this particular point. Not only would they
12 permit you to make better ships, but they would
13 permit you to make ships more cheaply?

14 A. I think they build pretty good ships
15 there already. I do not know that you could build
16 them any better, but we could devise things which
17 would probably make them cheaper.

18 THE CHAIRMAN: Yes.

19 MR. MUNDELL: Q. Coming to the Collingwood
20 yard, would you say it was a modern well-equipped
21 and efficient yard as compared to other yards in
22 the area?

23 A. The Collingwood shipyards have been
24 in existence since 1882, and some of the equipment
25 is old, but they have a lot of good modern
26 equipment in the shipyard, too. You cannot just
27 scrap everything all at once. You have to
28 build up as you go along.

29 Q. And I suppose you feel if you had
30



1 more work you could make some improvements?

2 A. Yes, some improvements. You can always
3 make improvements to shipyards; it seems to me
4 that you just never have the money to do it.

5 Q. Then, on the question of technical
6 skills, you have the one designing and drafting
7 organization for the four Lake yards?

8 A. Yes, that is right, for shipbuilding.

9 Q. But you have in each yard loftsmen,
10 and so on?

11 A. That is correct.

12 Q. What do you think are the skills that
13 are involved in shipbuilding that should be
14 preserved, and that cannot be found in any other
15 industry?

16 A. There are quite a lot. You have, to
17 start with ---

18 Q. You have one designing office. You
19 can put that to one side now?

20 A. Yes, we have one designing staff, and
21 they are the naval architects and ships' draftsmen.
22 You have different kinds. You have your hull
23 draftsmen and your engineering draftsmen -- they
24 are two separate trades -- and you also have
25 your electrical draftsmen. Then you have your
26 loftsmen, your ships' fitters, your platers, as
27 they are known as in the old country ---

28 Q. Will you not find the same kind of
29 steel work in building railway cars, or any other
30



1 heavy steel industry, as your platers do?

2 A. As a shipbuilder I would say these
3 men could build railway cars, but I would not say
4 that the men who build railway cars can build
5 ships.

6 Q. Why is that?

7 A. Because there seems to be ---

8 THE CHAIRMAN: Q. They are building rail-
9 road cars. We have seen them.

10 A. But, Mr. Chairman ---

11 COMMISSIONER WICKWIRE: He said the reverse
12 is not so.

13 THE CHAIRMAN: Q. But the particular
14 example you happened to put we have seen.

15 A. I have also seen car shops trying to
16 build ships.

17 MR. MUNDELL: Q. How is the plate work in
18 connection with ships so different from the plate
19 work on railroad cars?

20 A. Because it has to be watertight. You
21 do not have to float a railroad car. I would say
22 it is a matter of special skill.

23 Q. What is the special skill? What do
24 they do?

25 A. When they drive rivets they drive
26 watertight rivets. When the seams of the plates
27 are put together, they have to be caulked by men
28 who are familiar with caulking seams and doing
29 watertight work.
30



1 Q. Is that a skill which could not readily
2 be acquired by a steel worker skilled in other
3 work? What I am getting at ---

4 A. Yes, I know. It takes a little time
5 to drive a tight rivet. Take a man from the
6 construction industry and put him in a shipyard,
7 and you would have quite a job -- he can accomplish
8 it in time, but ---

9 THE CHAIRMAN: Q. There is another element,
10 is there not? Every plate is individually shaped?

11 A. That is right.

12 Q. And curved?

13 A. That is right.

14 Q. It is not the same sort of thing as
15 either a flat plate or a symmetrically curved plate.
16 They are curved in such a way ---

17 A. In most industrial work you have a
18 repetition -- in building cars you have a repetition
19 of building the same car over and over again. In
20 shipbuilding you do not build the same ship very
21 often, and in the plating used on the ship, as you
22 explained, Mr. Chairman, you have a roll set and
23 also a back set. I do not know whether you get
24 what I mean. It is something you have in a ship
25 which you do not have in anything else.

26 MR. MUNDELL: Q. I interrupted you. You
27 said you had loftsmen and platers?

28 A. Yes.

29 Q. I can understand the loftsmen, and
30



1 that is where the platesmen's skill is unique. What
2 other trades are there?

3 A. You have your assemblers, and I will
4 admit they can be taken from other steel construc-
5 tion industries, and you have your rivetters and
6 your chippers and caulkers who would have to be
7 trained specially for ships.

8 Q. How long would it take a man taken
9 from other industries to be an expert in these
10 skills? How long would it take to train him?

11 A. If they were good men at their own
12 trade it would take six months.

13 Q. It would take that long?

14 A. Yes.

15 Q. Have we finished with the list of
16 unique ---

17 COMMISSIONER BELANGER: Q. What about
18 electricians?

19 A. Yes, you have electricians, and as
20 was mentioned, boat work is a little different from
21 the wiring of a residence.

22 MR. MUNDELL: Q. May I ask this: Could you
23 file a list of the trades in each yard and
24 indicate which you think are the ones that would
25 have to be preserved?

26 A. Yes, I could do that.

27 MR. MUNDELL: I think that would be helpful
28 to the Commission.

29 THE CHAIRMAN: Yes.
30



1 MR. MUNDELL: Q. Yes; it will save us some
2 time.

3 A. Yes, because you could go on a long
4 time on that.

5 Q. And we might miss some of them.

6 A. Yes.

7 Q. I ask you that because it has been put
8 before the Commission that it would take some time
9 to regain these skills which would be lost, and I
10 think the Commission would like to know what skills
11 will be lost, and which ones which are lost would
12 be needed again in the future.

13 A. I see.

14 Q. Do you consider as a shipbuilder that
15 there are too many or too few shipyards on the
16 Lakes now? Is there room for, really, five ---

17 A. Well, this industry has been spasmodic,
18 and for the last few years prior to this shut-down --
19 say, from 1948 to 1953 -- we just did not know
20 where to get the workers to build all the ships
21 they wanted. Now, the grain is not moving, but
22 still this year the ships have been kept busy
23 carrying ore -- busier than they ever have been
24 before carrying ore -- and if we had 500 million
25 bushels of wheat to move there would not be enough
26 ships right now. It would be an awful scramble,
27 and decisions would have to be made as to whether
28 they would put the ships into the ore trade or
29 the grain trade.
30



1 Q. Your answer is that there are not
2 enough shipyards when there is the business, but
3 when there is no business one shipyard is too many?

4 A. Yes.

5 Q. What volume of business a year is
6 required to keep a modern yard operating with
7 average success? Looking at Exhibit 151, I see
8 that in 1951 it was \$900,000, roughly; 1952,
9 \$1½ million; in 1953, \$1 million; and last year ---

10 A. These are just wages. This is all
11 wage structure, do you see?

12 Q. I am sorry. What would you turn over
13 in each of those years?

14 A. Well, it would average -- let me
15 think -- about \$4 million.

16 Q. Averaging \$4 million a year?

17 A. Yes.

18 Q. And how many ships would that be a year?

19 A. That would be about one ship a year.

20 Q. One big ship a year?

21 A. Yes.

22 Q. One big ship a year would be enough
23 to keep this yard operating?

24 A. That is right.

25 Q. What about the Collingwood yard?

26 A. About the same thing over there --
27 \$4 million to \$5 million.

28 Q. What would be the average number of
29 men employed, say, in Midland with that volume
30



1 of business?

2 A. Between 500 and 600.

3 Q. And in Collingwood?

4 A. It would be 500 or 600. With \$4 mil-
5 lion worth here you would need a little bit more --
6 about 700 men is normal over there.

7 Q. Have you made any study of the number
8 of ships that would -- let me put it in another
9 way: Information has been given to the Commission
10 that if the Canadian coasting trade was restricted
11 to Canadian built vessels there would probably be
12 73,000 tons a year built during the next ten years --
13 say 70,000 tons. Assume that that would
14 represent, say, five ships -- say a couple of big
15 ones and two or three smaller ones -- with five
16 yards that would just keep the wolf from the door?

17 A. That is about all, and you have got
18 to build them all in one yard.

19 THE CHAIRMAN: Q. There is a very interest-
20 ing statement. Would it be better to build them
21 all in one yard? You will find, if you build them
22 all in one yard, that your unit costs will come
23 away down, will you not?

24 A. That is right.

25 MR. MUNDELL: Q. The next point relates
26 to that, and that is when the obstruction in the
27 St. Lawrence is removed, you will have such yards
28 as Canadian Vickers and Marine Industries all
29 competing for those vessels. How do you feel
30



1 your competitive position is in relation to those
2 yards in regard to the five ships that have to be
3 built? Would you get them?

4 A. Occasionally we get them now, and we
5 still have that competition on some of these
6 smaller ships, but the difference is not
7 insurmountable as it is in connection with the
8 United Kingdom, for instance.

9 Q. What ships have you got now? Give
10 examples of ships which have been built here that
11 could have been built at Canadian Vickers or in
12 Sorel that you got in competition with them?

13 A. There is the one they are just going
14 to start. There is the one we are going to start
15 right now. We have got our costs down pretty well
16 on those small ships. I would take a chance at
17 competing with them.

18 Q. You think you would get your share?

19 A. Yes. We try to be as efficient as we
20 possibly can, and it is up to the men.

21 Q. Have you an example of where you have
22 bid against ---

23 A. No, I cannot say I have.

24 Q. At any rate, you would be willing
25 to take a crack at it?

26 A. Yes. I would like to have a crack
27 at it right now.

28 Q. Is it possible for you to diversify
29 the work in these yards, and to go into indus-
30



1 trial work to any greater extent than -- well, you
2 are not doing that in Midland, are you?

3 A. No. Our volume in Collingwood is
4 rather small, too, as you will see -- that is,
5 general engineering. That was about 7% of our
6 work -- general engineering.

7 Q. Yes, that is on Exhibits 151 and 152?

8 A. I might say it is all just wages.
9 Even where we have overhead it is just wages
10 paid for.

11 Q. But it shows, I suppose, roughly, a
12 correct percentage of the amount of your work?

13 A. That is correct, that would be a
14 representative figure.

15 Q. Why is it that the shipyards here
16 have not diversified to the same extent as some
17 others have?

18 A. I suppose it is because since the
19 war began they have been fairly busy -- that is,
20 since the Second World War -- until the last year
21 or so. At the present time the steel situation
22 is rather tough. You cannot get steel to-day,
23 but ---

24 Q. For general industrial work?

25 A. For any kind of work. It is very
26 hard to get steel.

27 Q. Would you expect, for example, if
28 you were to lose out on shipbuilding that the
29 yards would be converted or taken into ---
30



1 A. If we lost out on the shipbuilding we
2 will have to do something else, and the only thing
3 to do is to go out and try to compete with some
4 other of these other steel construction industries,
5 and get some of that.

6 Q. Have you any plans in that direction
7 at all?

8 A. No.

9 THE CHAIRMAN: Q. Is there any point in
10 the fact of your being a trifle further from any
11 big centres of population than some of the other
12 yards when it comes to the feasibility of
13 diversification?

14 A. Well ---

15 Q. I am thinking of yards which are
16 within a few miles of the City of Montreal. In
17 those cases there might be a bigger market for
18 the products of this diversification than in the
19 case of Midland where they have to be transported
20 longer distances?

21 A. There is no doubt in my mind that the
22 market for that is around Toronto, Montreal and
23 those districts, and transportation costs usually
24 deter us from getting some of that. To give you
25 an idea, there are certain steel construction jobs
26 in connection with the Seaway, and the people in
27 the Montreal district do not have to pay the
28 freight that we would have to pay from here to
29 deliver anything to that district.
30



1 MR. MUNDELL: Q. The thought had occurred
2 to me that since the shipbuilding industry has
3 been such a boom or bust industry, such diversifica-
4 tion would be the thing to follow. Other yards
5 have gone into it.

6 A. Yes, other yards went into it in the
7 early twenties, and they have developed quite an
8 industrial outlook there both in woodworking and
9 machine shop working.

10 Q. Is there any reason why you have not
11 got into it?

12 A. I have only been here nine years, and
13 in those nine years we have been busy building
14 ships. Probably the reason why they did not go
15 into it in the twenties was because there was too
16 much competition from places like Toronto, and
17 Port Arthur has practically all of Western Canada
18 to draw on.

19 MR. MUNDELL: You will recall, Mr. Chairman,
20 that there is to be a questionnaire, or there is
21 under consideration a questionnaire, to go to all
22 the shipbuilding plants asking for a lot of
23 detailed information which persons appearing here
24 cannot be expected to carry in their heads. For
25 that reason I am omitting a large number of
26 inquiries. That questionnaire will be coming
27 through the mails if we have not got the infor-
28 mation from other sources. I think that is
29 all I have to ask, Mr. Chairman.
30



1 THE CHAIRMAN: Q. Mr. Walton, you were
2 mentioning that the Great Lakes yards were
3 exceptionally well located from the point of view
4 of the production of ships which can be built there
5 during an emergency and which can then go down
6 through the Seaway?

7 A. That is right.

8 Q. Of course, we all know that naval
9 ships were built all through the Georgian Bay in
10 the last war ---

11 A. Yes.

12 Q. --- but even with the new Seaway there
13 is a very definite limitation on the size of the
14 ship that can go down through it, is there not?
15 It would not be very much of a ship or a freighter
16 that you could build on the Great Lakes, even if
17 the Seaway is through, would it?

18 A. Oh, yes.

19 Q. What about a 10,000 ton cargo boat,
20 now? Could it go through?

21 A. Yes, they could go through.

22 Q. It could?

23 A. Yes, you could build a large ship, you
24 see, because you are going to have 27 foot draught
25 in the Seaway.

26 Q. A 27 foot depth?

27 A. Well, we will say a draught of 25
28 feet 6 inches, and you could get a little bigger
29 ship through with no cargo.
30



1 Q. Riding light you could get a 10,000
2 ton or a 12,000 ton freighter through?

3 A. Yes, very easily.

4 COMMISSIONER WICKWIRE: Q. There was a
5 figure given this morning that I find hard to
6 reconcile. I think it was in connection with the
7 Midland yard, and I think Mr. Cranston gave a
8 figure of employment of 600 people in the Midland
9 yard. Now, I understand that during the building
10 of the McLagan, which was the last ship built
11 there, that with office staff as well as other
12 labour force, the total labour force was 450.
13 Would not that figure be more like the average
14 amount of people engaged in that yard?

15 A. I have not got the figures with me, but
16 I would imagine that it may have been 450 on the
17 McLagan, but there may have been other reconstruc-
18 tion and repair work going on which might have
19 built it up to some figure above that. The
20 figure in my mind is about 500 men in the Midland
21 yard in normal times in the years we have been
22 building the big ships, you see.

23 Q. The McLagan was the biggest one that
24 has ever been built?

25 A. Yes, but in the winter the force builds
26 up because you get a lot of -- if the ships have
27 a good year beforehand you get a lot of
28 reconstruction work, and you probably employ 150
29 to 200 men on that kind of work in three or four
30



months.

THE CHAIRMAN: Q. In Midland that would be all dockside work, because you have ---

A. That is right, it would be all dockside work.

MR. MUNDELL: Q. I have one further question. How many men do you think it would take in the Midland yard to constitute a nucleus in which all trades would be represented, and the yard would be a working shipyard? What is the minimum number?

THE CHAIRMAN: Q. The number that can be used as the core to get rapidly into full production in case of emergency -- in other words, what is the defence nucleus?

A. I would say probably 250.

Q. And what about Collingwood?

A. About the same -- 250.

MR. MUNDELL: Q. Would that include the designing people as well?

A. It is hard to say what kind of work you would get to keep the nucleus up.

Q. You can see my object in asking the question?

A. Yes. I would say it would be 250 in Midland and 350 in Collingwood, and that would include the designing staff, too.

Q. And you have all the skills there, and it could operate as a shipyard with that number?



1 A. That is right.

2 Q. And it could be the basis for some ---

3 A. Yes, but usually when they want a ship
4 built they tell you when they want it, and you
5 might have to put on 500 or 600 men.

6 MR. W.H. CRANSTON: May I ask a question of
7 Mr. Walton?

8 THE CHAIRMAN: Yes.

9 MR. CRANSTON: I was a little surprised at
10 one statement he made. We were talking about the
11 figure of 73,000 tons per annum, and he made the
12 suggestion that those could be most economically
13 built if there was one yard that could do it. I
14 would like to ask if that is a theoretical yard.
15 I do not think there is any yard in Canada which
16 would come even close ---

17 THE CHAIRMAN: If you look a little bit to
18 your left I think there is a gentleman there who
19 will tell you that there is. Mr. Simard during the
20 war was building seven 10,000-ton ships at the
21 same time.

22 MR. CRANSTON: Yes, but the ships which have
23 been built here have been closer to 20,000 tons.

24 MR. WALTON: That is right.

25 MR. CRANSTON: If we were building bulk
26 carriers up here, they would be built in the order
27 of 20,000 tons per carrier. We, at the most, with
28 two yards, could only handle them one at a time.

29 THE CHAIRMAN: The Midland yard is the
30



1 yard that built the McLagan.

2 MR. CRANSTON: So those 73,000 tons would have
3 to be distributed into different berths. You would
4 have to have a specific berth for each one.

5 MR. WALTON: On the Lakes you could not take
6 73,000 tons, and put it into one shipyard.

7 COMMISSIONER WICKWIRE: Why are the ships
8 launched sideways?

9 A. I think the reason is because we have
10 no tide on the Lakes, and the launchways for a stern
11 launch have to go out into the water, and the only
12 time you can repair those ways, or install them in
13 the first place is when the tide is out and your
14 men can get at them to fix them up and grease them
15 ready for the launch. If we had to launch them in
16 that way on the Lakes we would have to have a staff
17 of divers down there taking care of those ways.

18 THE CHAIRMAN: Q. Yes, but you have divers
19 every time you take a ship into drydock, do you not?

20 A. Oh, no.

21 Q. Do you not have divers going down when
22 the ship comes into drydock?

23 A. No.

24 Q. I am surprised, because I have always
25 understood they go down to check the blocks.

26 A. No, we pump the dock, and check the
27 blocks before the ship comes in. Ships have
28 different shapes at the bottom, and we know what
29 they are -- at least, we have drawings of them --
30



1 and we know from having docked them before, and we
2 pump the dock and set the dock to suit the bottom
3 of the ship that is coming in.

4 Q. We have heard a rumour that the reason
5 you side-launch the big Lake boats is because if you
6 launch them stern first you would break them in the
7 middle, and Mr. Lowery most firmly denied that, but
8 we did hear that rumour.

9 A. I have not seen them try to launch a
10 Lake freighter stern first, but when they are out
11 in these storms on Lake Superior they have worse
12 stresses put on them than they would have in any
13 launching condition.

14 Q. Well, there is a time in a stern launch,
15 is there not, when the stern and the bow alone
16 support the ship?

17 A. Yes, although it is not exactly the
18 same case as setting the stern on one block and
19 the bow on another.

20 Q. I am not talking about having it on
21 blocks at all. The stern is on the water and the
22 bow is on the runway, or whatever it is that you
23 call it, and in between it is not touching anything?

24 A. That is right. Well ---

25 Q. Now, will a Lake boat take that?

26 A. I would think it would, because as the
27 stern enters the water you begin to get buoyancy and
28 by the time you get full buoyancy astern you have
29 considerable buoyancy amidships.

30 THE CHAIRMAN: Thank you very much, Mr. Walton.



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---A short recess.

MR. GERIN-LAJOIE: Mr. Chairman, the next submission is that of William Kennedy & Sons, brief No. B-18. Mr. Kennedy is appearing on behalf of the company.

SUBMISSION OF WILLIAM KENNEDY & SONS

---Mr. A.A. Kennedy appearing.

MR. KENNEDY: Mr. Chairman and gentlemen. I feel that our brief somewhat outlines the general position of the various suppliers to the shipbuilding industry in the country. I believe it is self-explanatory. We, as you know, are the only firm in Canada manufacturing propellers of over 6 feet in diameter, and have been doing that for many years.

The brief outlines the fact that the Canadian Government during the war spent a good deal of money on our plant, which, of course, we have purchased, to ensure such propellers may be built in this country.

We finally finish up with the conclusion that if there is no ship manufacturing in this country there will probably be no further propeller business here. That is a serious thing, we feel, because of the fact that not only do new ships need propellers, but propellers are continually being damaged and destroyed in normal operation.

We also point out that, as far as new



1 ship construction is concerned, indeed in most other
2 things, there is no duty protection to propeller
3 manufacturers, but the facts are merely there and
4 they speak for themselves.

5 We are not in the position that the ship
6 operator is because we do have certain lines which
7 we can profitably employ such space in our shops as
8 we may feel necessary.

9 The fact is that in normal times shipbuilding
10 is quite a considerable amount of business in the
11 manufacture of this specialty. This, of course, is
12 of some concern and I am sure that all the other
13 suppliers, even the people who make the mattresses
14 and pots and pans and all the other things that go
15 into ships, have just as much concern in this as
16 we have.

17 I would be pleased to answer any questions
18 that you would like to ask.

19 MR. GERIN-LAJOIE: Q. I have a few ques-
20 tions, Mr. Kennedy. First of all, would you tell
21 the Commission whether your company is a Canadian
22 one, incorporated in Canada?

23 A. It is incorporated in Canada. It
24 was in the family for the last four generations,
25 but has lately been sold to British interests.

26 Q. When you say "British" do you mean
27 United Kingdom?

28 A. Yes.

29 Q. This means that the majority or
30



all of the interests are in the United Kingdom?

A. Yes.

Q. Your brief says that your company is engaged both in propeller manufacture and some other manufacturing also.

A. Yes.

Q. Would you explain what else you do manufacture?

A. The other specialty which no one else manufactures in this country are bronze tail shaft liners and bushings which separates the tail shaft which pulls the propeller. They are centrifugally cast. They are not statically cast. A pipe is turned and the metal is poured in; consequently it produces a particular dense type of casting. As far as the shipbuilding industry is concerned, that is not generally made in some of the bronzes. We manufacture steel castings for ships and that sort of thing. That is not a specialty particularly.

Q. Apart from your specialty or specialties, do you manufacture some goods for other than the shipbuilding industry?

A. Oh, yes.

Q. Would you explain ---

A. Well, roughly ---

Q. Not in detail.

A. We make steel castings for the general trade. We manufacture pulp and paper machinery, cement mill machinery, and a great many



1 other items of general heavy equipment that we have,
2 of course, built up over many years of being in
3 business.

4 Q. In the past four or five years would
5 you be in a position to say what proportion of your
6 business in dollars was for marine purposes?

7 A. In the past four or five years? May
8 I give it to you in a percentage rather than dollars?

9 Q. Yes.

10 A. I would say propellers -- and we may
11 confine this only to propellers of 6 feet in diameter
12 and over because that is our specialty -- the smaller
13 ones and are being manufactured by other people --
14 it would amount to ----

15 Q. Propellers and shaft liners and so
16 forth?

17 A. Would amount to about 20 percent of
18 our dollar volume of business.

19 Q. Over 80 percent would be for the gener-
20 al trade?

21 A. That is right, yes.

22 Q. Do I understand you are the only
23 manufacturer in Canada of propellers of a size for
24 ships?

25 A. Of the larger sizes, yes.

26 Q. Also of bronze tail shaft liners.

27 A. As far as I know, yes.

28 Q. Can you say whether you have any
29 competition in these two fields from outside Canada?
30



1 A. Quite definitely. I think I pointed
2 that out in the brief as far as new ship construction
3 is concerned, there is relatively no duty on those
4 things because there is a 99 percent draw-back on
5 such equipment. Subsequently we must be competi-
6 tive in the field, yes. We are continually running
7 into competition both from the U.K. and from the
8 United States, particularly latterly in cast bronze
9 tail shafting.

10 Q. How do you come out of that? Do your
11 prices compare very closely with those, or are there
12 variations?

13 A. There seems to be great variations.
14 This is one type of business there is no combine, I
15 can assure you. There does not seem to be any
16 definite pattern one way or the other. At one time
17 we have quoted on a large propeller and perhaps
18 there is \$10,000, \$15,000, \$20,000 difference. The
19 next time we may find ourselves within \$500 of the
20 U.K. price.

21 Q. On the total price?

22 A. \$10,000, \$15,000. Other times we
23 find ourselves better than \$4,000 high. Sometimes
24 we are \$500, \$600 more. I don't know why.

25 The fact is that by reason of the compara-
26 tively small volume, it is more difficult for us
27 to manufacture in Canada than it is in the United
28 Kingdom. These larger firms, of course, are
29 making 50 or 60 times as many propellers as we are
30



1 in a year.

2 Q. Do you get most of your orders for
3 propellers and shafts through bidding, tenders?

4 A. Yes.

5 Q. You mentioned somewhere in your brief,
6 on page 1, that your current annual sales of these
7 specialized items to the industry, that is the ship-
8 building industry, I gather, for the Merchant Marine
9 do not exceed \$190,000. When you say "Merchant
10 Marine" does that exclude the navy building?

11 A. Yes, it did, because that was done
12 purposely, because after all we felt this Commission
13 had no direct bearing on naval construction as such.

14 Q. Would you be in a position to mention
15 the figures applying to navy construction?

16 A. I could not do that now. I can let
17 you have it. As a matter of fact ---

18 Q. Roughly speaking.

19 A. I would hesitate to give it to you
20 for any particular year.

21 Q. It is just a matter of curiosity. I
22 do not think we need that.

23 A. As a matter of fact, that figure
24 for the first eight months of this year, including
25 shipments for naval construction, is less than
26 \$100,000 to date.

27 THE CHAIRMAN: Q. Do you supply propel-
28 lers for the destroyer escort program?

29 A. Yes, sir.
30



1 MR. GERIN-LAJOIE: Q. Actually, do you
2 supply propellers to all navy construction in Canada,
3 or are there any bought outside of Canada, to your
4 knowledge?

5 A. One particular specialized type of
6 propeller, which at present we are constructing or
7 doing part of the construction, and that is the only
8 one, to my knowledge, that has been purchased outside
9 of Canada. We are doing part of this work, but it
10 is a patented article. It is a controlled pitch
11 type of thing for use on special craft.

12 Q. For Merchant Marine construction, are
13 you in a position to say, roughly speaking, what
14 proportion of the propellers used in Canada your own
15 company did supply in the past five years, or can
16 you give us an average?

17 A. Well, I should think that was somewhere
18 between 75 and 90 percent of the total.

19 Q. Only the balance would have been pur-
20 chased outside of Canada?

21 A. Yes. I think 10 or 15 percent, one way
22 or the other.

23 Q. On page 2 of your brief, you mention
24 that it has been necessary for your company to
25 develop along other lines. That is the 80 percent
26 figure you mentioned a moment ago?

27 A. Yes, exactly.

28 Q. Work for the general trade?

29 A. Yes.
30



1 Q. Have you been developing these other
2 lines, as you call them, which would appear to be your
3 main lines in a way in the volume of business, for
4 many years?

5 A. Well, the emphasis on other lines has
6 been mainly since the end of the last war. There
7 was a good deal of expansion in our firm during the
8 war, of course, because of the sort of work we were
9 engaged in, and it was quite evident that during the
10 course of 1946 and '47 it was necessary to extend
11 to other lines. Incidentally, they were not new
12 lines. They were lines with which we had become
13 familiar, but we expanded on that and made provision
14 to manufacture more of it and to enlarge the scope
15 of such equipment that we were making.

16 Q. May I ask if your company was started
17 as a propeller manufacturing business?

18 A. No, it was started as a blacksmith
19 shop by my great grandfather.

20 Q. Have you been manufacturing propellers
21 for quite a number of years?

22 A. Since about 1876 or 1880.

23 Q. This development in other lines, as
24 you call it ---

25 THE CHAIRMAN: Q. In bronze?

26 A. No, not bronze, sir. Cast-iron in
27 those days.

28 MR. GERIN-LAJOIE: Q. The development in
29 those other lines that has taken place was started
30



1 before this last war?

2 A. Oh, yes. The development of the other
3 lines was the direct outcome of our propeller exper-
4 ience through design and manufacture in that we did
5 develop a type of propeller agitator for the pulp
6 and paper industry, for instance, but at no time, of
7 course, has the propeller business in the country
8 been sufficient to warrant a firm being solely the
9 manufacturer of propellers. During early times
10 we made an improved all-water wheel for small hydro
11 electric developments, and that sort of thing.
12 Again, that was an allied line to ship propellers.

13 Q. As far as your own company's concern
14 or your own interests as distinct from the country's
15 interests, you would not be too much affected if
16 ships were being built outside of the country more
17 and more?

18 A. No, except that there would be, as
19 far as the whole industry is concerned, a distinct
20 loss to the country if such facilities were not con-
21 tinued and made available, not only in ships, but
22 all of the other commodities.

23 At the same time we do feel that as the
24 sole manufacturer in this country, we have a moral
25 obligation to the country to maintain these facili-
26 ties provided there is any chance of our even
27 breaking even on the use of such equipment.

28 Q. Do you suggest you are just breaking
29 even now, or is this a possibility that you
30



1 envisage?

2 A. Well, we would, for example, tie up a
3 large magnesium bronze furnace which, at the present
4 time, probably operates -- it could operate in normal
5 times probably four or five times a week, but in
6 order to justify this, even its capital cost, it
7 should operate at least ten or fifteen times a month.
8 It is probably operating about once every two months
9 at the present time. That is the sort of thing we
10 are faced with.

11 Q. Have you made a study or have you
12 considered
13 personally the possibility or the fear from the ef-
14 fects of increased competition from U.K.-registered
15 and U.K.-built ships in Canada, or do you rely on
16 the evidence of the other groups?

17 A. I am afraid we do not pretend to be
18 ship operators and we do rely on the evidence of the
19 ship owners and operators.

20 Q. Even as regards possible competition
21 from U.K.-built ships which can operate ---

22 A. That is quite true. We do know that
23 does actually apply.

24 Q. Your suggestion, I believe, is that
25 the coasting trade of Canada be restricted to ships
26 built in Canada?

27 A. Yes.

28 Q. Have you considered any other way
29 of safeguarding the shipbuilding industry in Canada,
30 for instance any subsidy program which may possibly



1 have some effect?

2 A. Well, we have considered it but in
3 general I think we, as a group, are against subsidy
4 as such, but that restriction of -- well, it is a
5 subsidy, I suppose, in another way, seems to us to
6 be the less evil of the two in its approach. It is
7 a subsidy in one way or another.

8 Q. It is not a direct subsidy?

9 A. In general we prefer the method of
10 restricting the coasting trade.

11 Q. Can you say in a few words why you
12 consider as an evil any direct subsidy program?

13 A. I am afraid we have too many examples
14 of direct subsidies in the country at the present,
15 not only in manufacturing, but in agriculture and
16 everything else. We do recognize -- I am sure I
17 could go on at great length and tell you ---

18 Q. Without too great length, can you give
19 us any example of how you consider that evil?

20 A. I would rather not without preparing
21 it, but offhand I can think of various things, like
22 New Zealand butter which can be imported for 40¢
23 a pound, and that sort of thing.

24 Q. What is wrong with a subsidy pro-
25 gram?

26 A. I don't know. The fact is, I am
27 recommending a type of subsidy here.

28 Q. Certainly not a direct subsidy from
29 the Government.
30



1 A. That is right.

2 Q. You seem to be opposing any direct sub-
3 sidy policy.

4 A. In general I feel that. That is what
5 I feel.

6 Q. When you say "in general" do you mean
7 particularly for the shipbuilding industry?

8 A. Yes.

9 Q. I suppose you have heard the objection
10 that if there is restriction to Canadian-built ships
11 the cost of water transportation may go up or, I
12 will put it this way: that the lower range of cost
13 which would follow from the completion of the Seaway
14 would not be as substantial than if the status quo
15 did remain. Do you have anything to say on that?

16 A. I have heard the suggestion this morn-
17 ing, with which I agree, that a total amount of
18 savings in dollars would not be extremely great in
19 terms of the actual cost as far as transportation
20 is concerned.

21 Q. A subsidy program, of course, has been
22 suggested to obviate that difficulty. The wheat
23 growers, for instance, would say that any addition
24 on the cost of the wheat will put them in a more
25 difficult position on the world's markets. I
26 wonder if, under such circumstances, you would still
27 take any objection to a subsidy program to help the
28 shipbuilding industry?

29 A. I have not any great objection to the
30



1 subsidy except in general. If one is going to
2 continue subsidies, however, this industry is pro-
3 bably the simplest way to do it because then it treats
4 all industries the same way. If one is going to sub-
5 sidize one industry, you must continue to do it.

6 Where does it end and by how much?

7 MR. GERIN-LAJOIE: I have no more questions,
8 Mr. Chairman.

9 COMMISSIONER BELANGER: Q. How many employees
10 do you have?

11 A. We have some 500 or 600. It is im-
12 possible to tell how many.

13 MR. A. SIMARD: Q. Mr. Kennedy, Arthur
14 Simard, Marine Industries. Somebody brought before
15 this Commission the fact that we should not restrict
16 the coasting trade of Canada to Canadian ships be-
17 cause it would prevent the U.K. from getting needed
18 Canadian dollars. If it is restricted, it would
19 not affect your company because the profits in Canada
20 would be reverted over to the U.K.

21 A. That is correct.

22 Q. You mention there that during the
23 war you were building propellers in great quanti-
24 ties for the Canadian shipbuilding program like
25 those 10,000-tonner cargo ships.

26 A. Yes.

27 Q. Does the volume mean an improvement
28 in the price of propellers. If you make one pro-
29 peller it is so much and if you make six it is not
30



1 so much.

2 A. No question about that because it does
3 make a great deal of difference.

4 Q. A great deal of difference?

5 A. Yes.

6 Q. Because if you make one propeller you
7 make a pattern and everything.

8 A. One must use certain equipment for
9 each particular job, build up and get ready, and to
10 make a mold is a large portion of the total cost.

11 Q. If there was great volume and more or-
12 ders for propellers your company will be in a better
13 position to keep some propellers in stock as compared
14 to now. It is a big investment to keep propellers
15 of all sizes and of all pitch and everything, and
16 if a ship is having a breakdown today it may be de-
17 layed a month or so because you have to cast the
18 propeller, and yet if there was enough volume to
19 justify your company you would be able to keep a
20 certain number of propellers available for ships?

21 A. In certain cases, yes, for a certain
22 class of ship, but it would not be in the case of
23 every ship.

24 Q. No, I mean with the St. Lawrence
25 Waterway that Canada would have one class of ship.

26 A. Yes.

27 Q. If we would have a prototype of
28 Laker; that would be all of the type of the T.R.
29 McLagan or any of those ships.
30



1 A. Yes.

2 Q. Then your company would be in a posi-
3 tion to keep a stock of propellers?

4 A. That is correct.

5 Q. By doing so it would save a lot of
6 time because there is always a rush at that time to
7 see if they can get it a little bit faster or some-
8 thing.

9 A. That is right, Mr. Simard.

10 MR. SIMARD: Thank you.

11 THE CHAIRMAN: Q. About 20 percent of your
12 work in the last four or five years was for this
13 marine specialty, propellers and liners?

14 A. Yes, sir.

15 Q. Of that, how much was for new ship
16 construction and how much for repair?

17 A. I could only guess. I would say that
18 at least 75 percent was for new ship construction.

19 Q. So that you would not have from the
20 repair business enough to justify you in maintain-
21 ing a specialist plant for the casting of these
22 bronze propellers?

23 A. No, sir.

24 Q. When you need a propeller you need
25 it badly. You need it, as Mr. Simard pointed
26 out, this afternoon.

27 A. Yes.

28 Q. You are losing a lot of money because
29 something is not turning the propeller.
30



1 A. That is right.

2 Q. So that if these Great Lakes are filled
3 up, as you people say, there are going to be a lot
4 of United Kingdom ships which have a long way to go
5 for a propeller.

6 A. Yes.

7 Q. Also, there are going to be a lot of
8 people who are not very familiar with the channels;
9 some of the channels take a deal of familiarity
10 before you can travel them; so you do not expect to
11 have a large repair business in propellers with a
12 busy Seaway right to the head of the Lakes?

13 A. The difficulty with the ordinary pro-
14 peller is that each one, except in the case of a
15 definite class of ship, is designed for the ship,
16 and, first of all, the pattern must be made.
17 Secondly, it must be cast and finished. In the case
18 of a ship built in the U.K. there would be a pattern
19 in existence in the U.K. and possibly the time it
20 would take to bring the U.K. pattern over would be
21 less than the time it would take us to make a
22 new pattern; plus the fact that the pattern it-
23 self is a large item in the total cost, especially
24 where the pattern is in existence in the U.K.

25 Q. So, there are two elements, the
26 pattern in existence and the fact that the work
27 costs a great deal less in the United Kingdom
28 than in Canada.

29 A. That is right.

30



1 THE CHAIRMAN: Thank you.

2 Any further questions?

3
4
5 MR. MUNDELL: Mr. Walton, on behalf of the
6 Collingwood and Midland Shipyards would like to add
7 a few words.

8 MR. WALTON: Mr. Chairman and gentlemen, in
9 my remarks this afternoon I called attention to the
10 fact that in the years between the two wars the
11 shipyards on the Great Lakes were idle, and at the
12 same time ships for the coasting trade of Canada
13 which, at that time, were canallers in the St. Law-
14 rence about 259 feet long, were being built in large
15 numbers in the United Kingdom.

16 The same conditions apply today. Ships for
17 the coasting trade of Canada are being built in the
18 United Kingdom and the shipyards on the Lakes are
19 practically idle.

20 I was just trying to remember what ships were
21 being built there and I jotted them down.

22 There was one for Consolidated Paper Company.
23 There are two for the Hall Corporation. There
24 are two large ships for the Iron Ore Company of
25 Canada. Those ships are too large to be built on
26 the Lake. They could have been built in St. Law-
27 rence yards.

28
29 There is one canaller for the Paterson Steam-
30



1 ship Company. There is also one for the Quebec and
2 Ontario Transportation Company, and there are two
3 Government ships which are passenger ships, small
4 passenger ships for the Newfoundland trade, ordered
5 by the Canadian National Railways, which is really
6 the Government of Canada, in United Kingdom shipyards
7 when our own shipyards are idle and need work.

8 This contract for these two ships was let
9 early in 1952 and Canadian shipyards promised delivery
10 within about ten months, or at least by the opening
11 of navigation in 1953. The Canadian Government was
12 satisfied to place these orders in the United Kingdom,
13 and I do not think they have delivery of these ships
14 yet.

15 I think one keel has been laid. At least, I
16 read that a couple of months ago. One keel was laid.
17 Whether the other keel is yet laid or not, I do not
18 know, but evidently they will not get the ships
19 until 1956 at the very best.

20 I just wonder if the loss of earnings of
21 those ships could have been offset by having those
22 ships moving in 1953.

23 THE CHAIRMAN: You are not, Mr. Walton,
24 giving an argument for restriction. You are giv-
25 ing a criticism of the poor business judgment of
26 someone who ordered the ships and could not get
27 them delivered until some distant date in the future.
28 Two more Iron Ore ships were ordered in 1951 and
29 they expect delivery in late 1956.
30



1 I looked at your wall yesterday and saw the
2 time it took to build the McLagan. It is perhaps
3 a factor that restriction is not as necessary as
4 some of you shipbuilders indicate, because the
5 English yards simply cannot handle the orders.

6 MR. WALTON: At the present time.

7 THE CHAIRMAN: As you say, the one that was
8 out of operation is a net loss to the ship.

9 MR. WALTON: Yes.

10 THE CHAIRMAN: I think that the figure we
11 were given is that one of these Great Lakers takes
12 \$90,000 for the Newfoundland run.

13 MR. WALTON: That is correct. Although at
14 the present time my argument does not do any good
15 for restriction of trade, at this time it does point
16 out that various people have ordered ships over
17 there and they must be losing a lot of money they
18 could be making at the present time.

19 I was talking to a ship owner from Britain
20 just last Friday. He said, "I ordered a large
21 ship in Sunderland, England; the best delivery I
22 could get was 1961". He is a British ship opera-
23 tor. He cannot do any better.

24 COMMISSIONER WICKWIRE: You should have
25 taken him up and built the ship for him over here.

26 MR. WALTER: We could not build it for
27 the money he wanted to pay for it. We have a
28 case there of ten ships that could have been built
29 in this country.
30



1 THE CHAIRMAN: All but two of them in the
2 Great Lakes.

3 MR. WALTON: That is right.

4 THE CHAIRMAN: Thank you very much, sir.
5 We have heard all this before.

6 MR. MUNDELL: I think that concludes the
7 hearing.

8 THE CHAIRMAN: Well, of course, there is
9 nothing we can say about what you gentlemen have
10 said at the present time, except that we wish to
11 thank those who have so carefully prepared the excel-
12 lent briefs, not only for the preparation of the
13 briefs, but for coming here and supporting them, and
14 in giving us such assistance in answer to our ques-
15 tions.

16 All we can do is assure you we will take all
17 your material with that which we have received from
18 everybody else and do our very best to arrive at a
19 recommendation which we think will assist the Govern-
20 ment of Canada in determining the policy which
21 should be adopted.

22
23 ---The hearing concluded at 4:25 P.M., to be resumed
24 in Hamilton, Ontario, on October 28, 1955.
25
26
27
28
29
30



ROYAL COMMISSION ON COASTING TRADE

Report of hearing held at Hamilton,
Ontario, Friday, October 28, 1955,
at 2.35 p.m.

PRESENT:

THE CHAIRMAN, The Honourable Mr. Justice
W.F. Spence.

Mr. W.N. Wickwire, Q.C.)

) Commissioners

Mr. M. Belanger, C.A.)

Mr. D.W. Mundell, Q.C.)

) Commission Counsel

Mr. Paul Gerin-Lajoie)

Mr. H. Kemp

Economic Adviser to
the Commission

---Mr. P. Cimon

Ass't Secretary

THE CHAIRMAN: The proceedings of the
Royal Commission on Coasting Trade. Yes, Mr.
Mundell?

MR. MUNDELL: There are two briefs to be
submitted this afternoon, Mr. Chairman. The first
one is on behalf of the Hamilton Chamber of
Commerce, and appearing on behalf of the Chamber
of Commerce is Mr. J.G. Saunders, General
Secretary. The other brief is that of the
Canadian Westinghouse Company Limited, and appear-
ing on behalf of the company is Mr. Campanaro.
The briefs are numbered 61 and 60, respectively.



1 Subject to your direction, we had proposed
2 to ask the Hamilton Chamber of Commerce to make
3 its presentation first.

4 THE CHAIRMAN: Very well.

5
6
7
8 SUBMISSION OF HAMILTON CHAMBER OF COMMERCE

9
10 ---Mr. J.G. Saunders and Mr. G. Armstrong appearing.

11 MR. SAUNDERS: Thank you, Mr. Chairman.
12 My name is J.G. Saunders, as previously announced
13 by Mr. Mundell, and I am the general secretary
14 of the Hamilton Chamber of Commerce, and manager
15 of the Transportation Department. I have with me
16 to-day Mr. George Armstrong, the Chairman of our
17 Industrial Transportation Committee.

18 As you know, we filed on June 27th a brief
19 which was short and to the point. We filed that
20 with the Commission in Ottawa, and since that
21 time we have received advice from Mr. McLeod, your
22 secretary, that we might be called upon to give
23 facts and figures about the port of Hamilton.
24 To facilitate the proceedings of the Commission,
25 and for their convenience, I have prepared a short
26 brochure covering the port of Hamilton. It covers
27 the shipping lines using the port of Hamilton,
28 and gives a list of the industries in Hamilton
29 and district, with a comparative tonnage state-
30



1 ment for the years 1953/1954, broken down by
2 commodities inward and outward, and finally there
3 is the Hamilton Harbour Commission booklet for 1951,
4 covering the history of the port. We thought
5 that this would be of assistance to you, and there-
6 fore I have prepared these copies for you. (Copies
7 of brochure handed to the members of the Commission.)

8 MR. MUNDELL: May I suggest that that be
9 marked as an exhibit.

10 THE CHAIRMAN: Yes, that will be Exhibit 154.

11
12 ---EXHIBIT NO. 154: Brief submitted by the Hamilton
13 Chamber of Commerce to the Royal
Commission on Coasting Trade,
dated October 28, 1955.

14 MR. MUNDELL: Have you anything further you
15 wish to say?

16 MR. SAUNDERS: Yes. I was going to ask if
17 I should read this brief which was filed previously,
18 or if you would wish me to read the information
19 regarding the importance of the port of Hamilton,
20 which is contained in this brochure.

21 MR. MUNDELL: I think it might be useful to
22 have the second one dealt with, but the first one
23 is already in the bound volume of briefs, and I
24 do not think it is necessary.

25 THE CHAIRMAN: No, it is not necessary to
26 read that. We will proceed with the document which
27 you are now filing.

28 MR. SAUNDERS:

29 "THE HAMILTON CHAMBER OF COMMERCE
30



1 "PORT OF HAMILTON

2 "October 28th, 1955

3 "The Port of Hamilton, Ontario, because
4 "of its natural harbour, its established
5 "port facilities and its location at the
6 "heart of a densely populated and rapidly
7 "growing area will develop steadily as a
8 "great trading and distribution centre,
9 "as well as an industrial centre.

10 "The total tonnage being handled in
11 "Hamilton Harbour now is exceeded only at
12 "the Ports of Montreal and Vancouver. The
13 "total tonnage for the year 1954 in and out
14 "of Hamilton amounted to 5,640,180 tons.
15 "There was an increase of 11,000 tons in
16 "package freight and 3,284 tons in
17 "automobile freight. In 1929 the tonnage
18 "was around 1,000,000 tons; in 1935 the
19 "tonnage approached the 2,000,000 mark;
20 "from 1940 to 1947 the tonnage hovered in
21 "the 3,000,000 ton range and, with the
22 "exception of the year 1949, the tonnage
23 "increased until in 1953 the peak load was
24 "7,099,026.

25 "Ottawa has already authorized
26 "extension of the Wellington Street dock
27 "and terminal buildings at an estimated
28 "cost of two million dollars. Permission
29 "has been sought at Ottawa to go ahead
30



"with plans for another terminal at Ship
"Street, near the International Harvester
"Company's plant, and a slip at Strathearne
"Avenue to serve the rapidly growing Parkdale
"industrial area. The Strathearne Avenue
"project would involve the dredging of a
"channel and turning basin which will be
"required as heavy industry moves eastward.
"Ottawa may be pressed to authorize the
"construction of a drydock here. In addition
"to the heavy traffic in freight and ore
"boats, Hamilton Harbour has seen an increase
"in the movement of naval vessels since this
"city became headquarters of the Royal
"Canadian Naval Reserve. The Wellington
"Street dock extension will provide protected
"berths for naval vessels. Provision is
"being made for a terminal building about
"120 by 600 feet in size. The Ship Street
"dock would enclose about 18 acres,
"providing ample space for a terminal
"warehouse there when one is required. The
"slip at the foot of Strathearne Avenue
"would be about 200 feet wide and 1,200
"feet long, with about 70 feet of land
"on each side on which warehouses might be
"built. Because most ocean freighters are
"shorter and higher than the average lake
"vessel, some consideration may have to



1 "be given to raising the height of the
2 "Wellington Street dock.

3 "Double tracks and cranes designed
4 "for handling cargoes from the ocean-going
5 "freighters will be installed. The ocean-
6 "going ships that have been coming into
7 "this port are about 14 foot draft, about
8 "240 feet in length and carry from 2,000
9 "to 2,500 tons. Hamilton Harbour easily
10 "handles the biggest freighters on the
11 "Great Lakes. Some of them carry 21,000
12 "tons and draw 19 to 21 feet of water.
13 "The harbour's depth is 26 feet. The water-
14 "way will be 27 feet deep, permitting
15 "vessels drawing about 25 feet to use it.
16 "It is understood that the average freighter
17 "using New York Harbour carries 8,000 to
18 "10,000 tons. The ocean-going freighter is
19 "built more sturdily than the lake boats.
20 "Its engines are in the centre, restricting
21 "cargo space. Engines of lake freighters
22 "are near the stern, leaving the most of
23 "the hold clear for cargo. The average
24 "ocean freighter of 8,000 tons, even with
25 "a deeper keel, could use our port
26 "facilities just as easily as the big ore
27 "carriers that come in here. In that case,
28 "this port - if more terminals and ware-
29 "houses were available - could dock them
30



1 "if the seaway became a fact to-morrow.

2 "The list of docks is imposing:

3 "Catharine Street; Wellington Street; Emerald

4 "Street; Canada Steamship Lines (both sides);

5 "International Harvester; Steel Company of

6 "Canada; The Hamilton By-Product Coke

7 "Company, Canadian Industries Limited;

8 "Dominion Foundries and Steel Limited. The

9 "Hamilton Harbour Commissioners' docks total

10 "12,000 lineal feet; the private docks,

11 "21,000, making a total of more than six

12 "miles of docks. Trucks and railway cars

13 "distribute freight to Guelph, Kitchener,

14 "Waterloo, Galt, London, Brantford, Simcoe,

15 "Grimsby, Beamsville, St. Catharines,

16 "Burlington and Oakville. Fifteen foreign

17 "steamship lines use this port. A total

18 "of 1,296 vessels entered or left the port

19 "during 1954. Foreign cargoes totalled 589.

20 "It is not expected that the existing type

21 "of large ocean freighter will come far

22 "inland because they could not operate

23 "economically if they had to call on

24 "several ports for shipments.

25 "Hamilton has five miles of modern

26 "dockage to accommodate the largest vessels.

27 "Six modern and well-equipped warehouses

28 "with 110,000 square feet of floor space.

29 "The best equipped Marine Railway on the

30



1 "Great Lakes. Hamilton's strategic position
2 "brings the largest Great Lakes vessels
3 "and overseas ships to the heart of Canada's
4 "richest commercial and industrial area.
5 "Waterfront property available for
6 "industrial sites with excellent dockage
7 "and railway sidings. 51 Shipping Companies
8 "using the Port, of which 18 are overseas
9 "lines."

10 And that is signed "J.G. Saunders, General
11 Secretary".

12 Then, as you see, the next document is a
13 list of the shipping lines using the port of
14 Hamilton, broken down into Canadian shipping
15 companies, American shipping companies, and foreign
16 shipping companies.

17 Then next to the list of shipping companies
18 is the Hamilton District Industrial Index, and
19 then there is the Hamilton Harbour Commissioners
20 comparative tonnage statement for the years 1953/54
21 broken down by commodities inwards and outwards,
22 as stated in the previous statement, showing
23 5,640,305 tons for 1954, and in 1953, the top
24 year for Hamilton Harbour, it was 7,099,026 tons.

25 THE CHAIRMAN: Yes, Mr. Mundell?

26 MR. MUNDELL: With your permission I would
27 like to ask a few questions. In the first place,
28 Mr. Saunders, could you describe to the Commission
29 the nature of your organization, how it came into
30



1 being and so on? I am referring to the Hamilton
2 Chamber of Commerce.

3 MR. SAUNDERS: The Hamilton Chamber of
4 Commerce has been in existence, I believe, for
5 about 106 years. It is representative of a cross-
6 section of business and industry in the City of
7 Hamilton, and it has a Board of Directors of sixteen
8 members at the present time. We function in what
9 might be termed a true democratic way, having those
10 of our 1100 members who are interested appear on
11 various committees. Mr. Armstrong is chairman
12 of our Industrial Transportation Committee. They
13 are, more or less, you might say, experts in their
14 own fields, and they operate by discussing and
15 perhaps bringing recommendations to our Board of
16 Directors on various phases covering the civic and
17 social life, and the business life of the City of
18 Hamilton.

19 MR. MUNDELL: Thank you very much. I should
20 mention this, although I do not know that there
21 will be any occasion for mentioning it to-day,
22 that Mr. Gerin-Lajoie and myself, acting as counsel
23 to the Commission, frequently ask questions that
24 might give the impression that we were in dis-
25 agreement with the proposals you are putting
26 forward. The fact is, of course, that we are
27 really trying to perform the job of testing your
28 assertions or obtaining more information, and we
29 certainly have no predetermined views of any kind.
30



1 I just mention that so that there may be no mis-
2 understanding.

3 MR. SAUNDERS: Thank you, sir.

4 MR. MUNDELL: There was one paragraph in
5 your submission, which is Brief No. 61, in regard
6 to which I was not quite clear as to your
7 intentions, and that is paragraph 3, in which
8 you say: "It is the opinion of the Hamilton
9 Chamber of Commerce that Part II of the Transport
10 Act of 1938 'Transport by Water' Section 12
11 should be maintained with the exception that sub-
12 section 4(b) which presently reads 'and the Gulf
13 and River St. Lawrence east of the western point
14 of the Island of Orleans' etc. should be changed
15 to read, 'and the Gulf and River St. Lawrence
16 east of the Anticosti Island' etc." Can you
17 explain the intent and purpose of that?

18 MR. SAUNDERS: I would be very glad to do so.
19 I must admit that when we put in this brief it may
20 have been a little difficult to understand the
21 thinking that goes behind what we have requested
22 in asking that that change be made to the Transport
23 Act. In the Transport Act of 1938, Part II,
24 "Transport by Water", Section 12, subsection 4(b)
25 it says:

26 "The provisions of this Part do not apply
27 "in the case of ships engaged in the trans-
28 "port of goods or passengers",
29 and then subsection 4(b) reads:

30 "between ports or places in Hudson Bay,



1 "Nova Scotia, New Brunswick, Prince Edward
2 "Island, Newfoundland and the Gulf and River
3 "St. Lawrence east of the western point of
4 "the Island of Orleans, or between any two
5 "or more places therein; nor does this
6 "Part apply between any of such ports or
7 "places and ports or places outside of
8 "Canada."

9 We have suggested that this be changed, and
10 that instead of the western point of the Island
11 of Orleans it might be moved down to Anticosti
12 Island, possibly using the terms of the Canada
13 Shipping Act in regard to inland waters of Canada,
14 which reads:

15 "'Inland waters of Canada' means all the
16 "rivers, lakes and other navigable fresh
17 "waters within Canada, and includes the
18 "River St. Lawrence as far seaward as a
19 "straight line drawn from Cap des Rosiers
20 "through West Point Anticosti Island
21 "extending to the north shore."

22 In other words, it is a more or less north-south
23 line.

24 The reason why we suggest that, gentlemen,
25 is that with the development of Labrador ore
26 through Seven Islands and, as we understand it,
27 the development of power to communities along the
28 north shore of the St. Lawrence River, looking
29 to the future, possibly within 25 years the Lower
30



1 St. Lawrence will be developed, and we felt that
2 instead of having the boundary line in the Transport
3 Act cut off at the western point of the Island of
4 Orleans that should be moved down to the western
5 point of Anticosti Island, as explained.

6 THE CHAIRMAN: What is the purpose of it?

7 MR. SAUNDERS: Well, the purpose is that
8 under the Transport Act the boat lines or shipping
9 lines up to the Island of Orleans from any point
10 on the Great Lakes, as I understand it, must be
11 Canadian registered ships. Anything moving from,
12 say, Hamilton to a point east of the western
13 point of the Island of Orleans, except British
14 registered ships ---

15 THE CHAIRMAN: I am afraid you are misunderstanding it.

17 MR. SAUNDERS: --- can operate under the
18 Transport Act. Is that not right?

19 THE CHAIRMAN: The point is that they have
20 to be licensed.

21 MR. SAUNDERS: They all have to get a licence.

22 THE CHAIRMAN: East of the Island of Orleans.
23 Do you want to extend licensing to engage in the
24 packaged freight business out to Anticosti Island,
25 and, if you do, why do you want to do it?

26 MR. SAUNDERS: As I explained before, it is
27 licensed now to the western point of the Island
28 of Orleans, and it was our opinion, looking to
29 the future, with the development of the St.

30



1 Lawrence, or at least the Lower St. Lawrence River,
2 that it should be moved down to the west point of
3 Anticosti Island.

4 THE CHAIRMAN: Have you gone along that
5 shore, Mr. Saunders?

6 MR. SAUNDERS: No, I have not.

7 THE CHAIRMAN: I can tell you that as you go
8 along that shore you see not one, but dozens of
9 little Quebec schooners -- is not that what you
10 call them, Mr. Belanger?

11 COMMISSIONER BELANGER: Yes.

12 THE CHAIRMAN: They are often run by a man
13 and his son, and his nephew and his grandson.
14 They go and pick up where they can, and they carry
15 to wherever they can. They are each individual
16 operators. It would be just about impossible to
17 bring that kind of freight charge under a licensing
18 system with established tariffs, and have the
19 tariffs tacked up in the wheelhouse of these
20 little boats, and that is what you imply with that
21 licensing provision.

22 MR. SAUNDERS: That may not develop in
23 25 years, but with the development of things as
24 they are going, that was our viewpoint, taking
25 the long term view of it, in suggesting that
26 change in the Act. I can quite readily see, as
27 you explain it, there would be difficulties.

28 COMMISSIONER BELANGER: I still fail to
29 understand what would be the purpose of
30



1 licensing.

2 MR. SAUNDERS: Just to extend the line which
3 is now in the Transport Act from the west point of
4 the Island of Orleans down to Anticosti Island,
5 which falls into line with what is already in the
6 Canada Shipping Act, as being what might be termed
7 the inland waters of Canada.

8 COMMISSIONER BELANGER: I see, but what would
9 be the merits of licensing? You are asking for
10 the extension of licensing of package freight down
11 to Anticosti Island. What would be the reason for
12 it, or the merits of asking for licensing?

13 MR. SAUNDERS: Well, as I thought I had
14 explained -- perhaps I had not done it very well --
15 with the development of Quebec as we see it from
16 this end of the country, we felt that possibly
17 the same conditions would prevail down there as at
18 any point west of the Island of Orleans.

19 MR. MUNDELL: Maybe the point can be put in
20 this way, Mr. Saunders. What do you see in the
21 merits of licensing on the Great Lakes? What are
22 the advantages that you see in the present system
23 of licensing on the Great Lakes? Why not get rid
24 of the licensing system on the Great Lakes?

25 MR. SAUNDERS: I am afraid I could not answer
26 that.

27 MR. MUNDELL: What I am trying to say is
28 this: if you feel it is logical -- is it just
29 that you feel it would be logical to extend the
30



1 boundary eastwards?

2 MR. SAUNDERS: It would seem to us to be
3 common sense. It is in the Transport Act now as
4 restricting it to the western point of the Island
5 of Orleans, and we thought it would be just as
6 logical, in view of the developments, and in view
7 of what is termed in the Canada Shipping Act "the
8 inland waters of Canada", that it should be
9 extended.

10 COMMISSIONER WICKWIRE: Are you saying that
11 because you are licensed they should be licensed?

12 MR. SAUNDERS: No. It was just an extension
13 of the present system of licensing.

14 COMMISSIONER BELANGER: But why extend it
15 to Newfoundland and the Maritimes? I just do not
16 see what you are suggesting.

17 MR. SAUNDERS: We were taking what the
18 Canada Shipping Act said was the inland waters of
19 Canada. That is where it cuts off the inland
20 waters of Canada.

21 MR. ARMSTRONG: May I speak to this point?

22 THE CHAIRMAN: Certainly.

23 MR. ARMSTRONG: Actually, I think that our
24 thinking behind it is this, that as the Transport
25 Act now stands, in the event of future develop-
26 ment on the Lower St. Lawrence a vessel of
27 British registry, having regard to the way in
28 which the Act now reads, could handle package
29 freight out of that territory east of the Island
30



1 of Orleans into the Great Lakes, or vice versa.
2 We felt that possibly in view of the future develop-
3 ment down there that territory should be restricted
4 to vessels of Canadian registry.

5 COMMISSIONER WICKWIRE: Your Chamber is in
6 favour of restriction, is it?

7 MR. ARMSTRONG: To that extent, sir.

8 COMMISSIONER WICKWIRE: To the extent that
9 the licensing should be extended.

10 MR. ARMSTRONG: To the extent that Canadian
11 registered vessels be allowed to handle package
12 freight only in the territory east of the Island
13 of Anticosti.

14 MR. MUNDELL: You mean west, do you not?

15 MR. ARMSTRONG: Pardon me, west of that.

16 THE CHAIRMAN: The licensing provision
17 requires Canadian registration, and by the extension
18 of that provision in the Transport Act you would
19 limit package freight west of Anticosti Island
20 to Canadian registry. That is the position?

21 MR. ARMSTRONG: Yes.

22 MR. SAUNDERS: Yes, that is right, sir.
23 That is what we are suggesting.

24 THE CHAIRMAN: Do you realize also that
25 licences are only granted in case of public con-
26 venience and necessity being shown to the Minister,
27 and that therefore you would very much limit
28 competition even amongst Canadian registered
29 vessels? Is the Hamilton Chamber of Commerce
30



1 interested in limiting competition of any transport
2 service that might bring goods to Hamilton?

3 MR. SAUNDERS: Well, it is limited under the
4 present system west of the Island of Orleans.

5 THE CHAIRMAN: Yes, but this would be a
6 further limitation of it.

7 MR. SAUNDERS: I am afraid I could not answer
8 that without due deliberation. That was approved,
9 and that is what we are asking for, or at least we
10 are suggesting that that change be made.

11 MR. MUNDELL: May I see if I understand your
12 proposals correctly. You would restrict all trade
13 west of Anticosti, that is to say all package
14 freight west of Anticosti, to licensed vessels,
15 but not bulk freight?

16 MR. SAUNDERS: Well, I understand under sub-
17 section (a) of that same subsection "Transport by
18 Water" in the Transport Act, it says:

19 "The provisions of this Part do not apply

20 "to the transport of goods in bulk in

21 "waters other than the McKenzie River."

22 We are not referring to that.

23 MR. MUNDELL: I was just verifying my under-
24 standing of this, because I am a little uncertain
25 what you are saying. You understand that British
26 ships can get a licence?

27 MR. SAUNDERS: That is right, east of the
28 Island of Orleans.

29 MR. MUNDELL: They can obtain a licence on
30



1 the Great Lakes.

2 MR. SAUNDERS: As I understand it, they
3 cannot obtain a licence to operate from Hamilton
4 to Toronto.

5 MR. MUNDELL: Yes, they could. There is
6 nothing to prevent a licence being granted. They
7 may be refused a licence. Any ship that can
8 operate in the coasting trade can get a licence
9 under this Act, if a licence is granted having
10 regard to ---

11 COMMISSIONER WICKWIRE: To public convenience
12 and necessity.

13 MR. SAUNDERS: Again, if I may say so,
14 without labouring the point, our thinking was --
15 and I thought it covered it -- that it should just
16 be moved from the present position, which is the
17 west point of the Island of Orleans, to the
18 limiting point of the inland waters of Canada,
19 and, with regard to your question, it had no
20 reference to transport of goods in bulk; that is
21 excepted under the Act to-day.

22 MR. MUNDELL: You are opposed to any
23 restriction on that?

24 MR. SAUNDERS: I would not say we are
25 opposed to that in that sense. That is as the Act
26 reads to-day. We have not taken any exception
27 to it.

28 THE CHAIRMAN: You see, on the point that
29 you make, Mr. Saunders, if your purpose was to
30



1 restrict package freight west of Anticosti Island
2 to Canadian vessels, then you do not accomplish that
3 purpose by the amendment you suggest. If your
4 purpose was to make all persons wishing to engage
5 in the package freight trade west of Anticosti
6 Island prove public necessity and convenience, you
7 will accomplish it by the suggestion you make, but
8 I doubt whether that is your purpose.

9 MR. SAUNDERS: Well, we had just taken the
10 Act as it reads.

11 THE CHAIRMAN: But you have not considered
12 the point that Mr. Mundell has dealt with, that a
13 U.K. ship may obtain a licence under the Transport
14 Act. Now, I do not know offhand of one which
15 has done so, because I think that they all trade
16 across the present line, that is from Hamilton to
17 Newfoundland.

18 MR. SAUNDERS: That is our understanding,
19 that it did not allow ships of U.K. registry to
20 operate from one point west of the Island of
21 Orleans.

22 MR. MUNDELL: I must say that the Act is
23 confusing enough to be easily misunderstood.

24 THE CHAIRMAN: That is a very proper comment,
25 I think.

26 MR. SAUNDERS: We thought it would be
27 reasonable, sir.

28 MR. MUNDELL: However, I think you will
29 find, if you can find your way through the Act,
30



1 that it would permit a line of English vessels to
2 operate a scheduled service from Montreal to Hamilton
3 or Montreal to Toronto, or Montreal all the way up
4 the Great Lakes.

5 MR. SAUNDERS: Under licence, is that right?

6 MR. MUNDELL: Under licence. I do not know
7 what the position is in regard to the granting of
8 licences.

9 THE CHAIRMAN: It does not prevent the
10 Minister granting such a licence. Whether or not
11 he grants it or the Transport Board, I do not
12 know.

13 MR. SAUNDERS: If I may say so, that is news
14 to me. I have not heard of any that were operating,
15 say, from Hamilton to Montreal, ships of British
16 registry.

17 MR. ARMSTRONG: That was our understanding,
18 sir, that there were no ships of other than Canadian
19 registry that were presently operating in the
20 territory east of the Island of Orleans.

21 MR. MUNDELL: Again may I suggest you mean
22 west.

23 MR. ARMSTRONG: Yes, west; I am sorry.

24 MR. MUNDELL: But as far as you are con-
25 cerned now, you are not concerned with the bulk
26 trade. You said you were not suggesting any change
27 in the bulk trade; you were accepting the Act as
28 it stands?

29 MR. SAUNDERS: Yes.
30



1 MR. MUNDELL: I take it that means that your
2 members have no desire to see the bulk trade
3 restricted?

4 MR. SAUNDERS: No. I have had no instructions
5 to act otherwise.

6 MR. MUNDELL: But as regards the package
7 freight, your organization contemplated that west
8 of Anticosti it should be restricted to Canadian
9 vessels, regardless of what the present position is --
10 this misunderstanding about whether they can or
11 cannot.

12 MR. SAUNDERS: That was our intent.

13 MR. MUNDELL: Then in connection with the
14 position that you take on the bulk trade, you have
15 in Hamilton no shipyard?

16 MR. SAUNDERS: No, sir. We have a marine
17 terminal.

18 MR. MUNDELL: What do you say, or what would
19 your organization say, to the fears of the ship-
20 yards on the Great Lakes and on both coasts, that
21 unless the coasting trade is wholly restricted to
22 Canadian built vessels, these shipyards will go
23 out of existence because they cannot compete with
24 foreign shipyards? Had your organization given
25 any thought to that problem?

26 MR. SAUNDERS: The answer that I would
27 make to that is rather negative so far as you are
28 concerned. I have not any instructions to
29 present to the Commission on that basis and
30



1 therefore I am afraid I cannot reply to that at the
2 present time.

3 MR. MUNDELL: There is also this point that
4 is made, and possibly as this is a similar type of
5 inquiry, and I do not want to embarrass you, maybe
6 the member of the Transportation Committee who is
7 here could speak to this: the argument is made by
8 the Lake vessel operators that they will no longer
9 be able to compete in the bulk trade with foreign
10 built and operated vessels, with the result that
11 the Canadian Lake fleet may very well entirely
12 disappear and the internal trade may become wholly
13 dependent on foreign shipping which may or may not
14 be available from year to year, depending on
15 conditions in the world market. The argument is
16 that we should maintain a Canadian fleet as an
17 essential part of our transportation apparatus,
18 and unless we restrict the coasting trade to
19 Canadian vessels we will not have any vessels.
20 Have you studied or thought of that, or has your
21 Committee given any thought to that position?

22 MR. ARMSTRONG: Yes, we have given definite
23 thought and consideration to it. Mind you, I do
24 not wish to become involved in a discussion on
25 subsidies at all, or some form of taking care of
26 it, other than freight rates. Our feeling on it
27 is that the small nucleus of manufacturers that
28 are presently using the service supplied by
29 vessels of British registry between the Great
30



1 Lakes and points east of the Island of Orleans
2 should not be called upon to pay any additional
3 cost in the delivery of their goods to the Maritimes
4 including Newfoundland.

5 THE CHAIRMAN: They merely pass it on, do
6 they not, Mr. Armstrong? We have been told at the
7 east end of the Continent that it matters not to
8 the shippers in Ontario; that they simply pass
9 it on, and it is those people who have to pay the
10 additional costs.

11 MR. ARMSTRONG: Then, sir, we feel that it
12 is reasonable to assume that if freight rates go
13 up, it is either a case of these shippers, the
14 manufacturers as you say, absorbing it, or passing
15 it on to the purchasers in the Maritimes or
16 Newfoundland. We are a little apprehensive about
17 the fact that if freight rates are forced up too
18 high possibly the Province of Newfoundland would
19 again give consideration to the importation of
20 goods from the United Kingdom and the United States,
21 which would mean the loss of those markets to
22 Hamilton manufacturers.

23 MR. MUNDELL: You are in effect saying, as I
24 understand it, that any increase in your trans-
25 portation costs might cost you your markets.

26 MR. ARMSTRONG: Yes, sir.

27 MR. MUNDELL: Because you could not absorb
28 it and because the other fellow would not pay it.

29 MR. ARMSTRONG: Yes, sir.
30



1 MR. MUNDELL: I think possibly I did not make
2 my original question clear. What I was really
3 trying to get at is: what is your organization's
4 attitude towards the argument of the Lake ship
5 operators that they will disappear unless trade is
6 restricted to their vessels?

7 THE CHAIRMAN: You see, at the present time,
8 Mr. Armstrong, there are only two United Kingdom
9 lines carrying in Canada from the Hamilton area.
10 One is the Newfoundland Great Lakes and the other
11 is the Constantine line; and I suppose they do
12 not move more than about 2% of the package freight
13 that moves in and out of the City of Hamilton.
14 Now, if the canals in the St. Lawrence are deepened
15 and then, as the ship owners of the Dominion of
16 Canada have told us, the United Kingdom tramps
17 sweep in and take over all the package freight
18 trade in the Great Lakes, or a great piece of it,
19 that will run the Canadian shipping companies out
20 of business.

21 MR. MUNDELL: And the bulk trade, too, sir.

22 THE CHAIRMAN: Yes. Does the City of
23 Hamilton wish to be left at the mercy -- I am not
24 using that word in any critical sense, but does
25 the City of Hamilton wish to be left in the
26 position that they may or may not have available
27 to them facilities for shipping into or out of
28 Hamilton simply dependent upon the question of
29 whether ocean freight rates have changed in such
30



1 a way as to make it more attractive for those
2 British tramps to run between Liverpool and Durban,
3 South Africa?

4 MR. ARMSTRONG: Well, sir, really that point
5 was not definitely considered by our Committee. Do
6 I understand your statement aright that you are
7 talking about goods from and to foreign countries,
8 or are you talking about bulk freight?

9 THE CHAIRMAN: There is no suggestion that
10 there will be any kind of interference with ships
11 such as those which are now in the harbour to-day
12 coming from Germany, Norway, England, France or
13 Japan and coming into the port of Hamilton, or
14 leaving Hamilton for England, France, Norway,
15 Germany or Japan. What has been suggested is
16 that British ships -- and that is all the ships
17 that can do it now, United Kingdom ships, British
18 Commonwealth ships, and that means the United
19 Kingdom -- should not be permitted to enter the
20 coasting trade of Canada from one port in Canada
21 to another port in Canada, because when the St.
22 Lawrence canals are deepened they will take the
23 whole trade away from the Canadian shipping com-
24 panies and drive the Canadian shipping companies
25 to the wall; and then you and all other shippers
26 would be dependant upon a service provided by the
27 United Kingdom shipping companies, not under the
28 control of any Canadian authority.

29 MR. ARMSTRONG: In handling what might be
30



1 termed inter-lake traffic; in other words, from the
2 port of Hamilton to the port of Montreal?

3 THE CHAIRMAN: Well, certainly that is what
4 they say they are going to do.

5 MR. ARMSTRONG: Under the present regulations
6 that is restricted to vessels of Canadian registry.

7 THE CHAIRMAN: No, it is not. We have been
8 told twice to-day that it is not, and I am going
9 to rely on Mr. Mundell's opinion on the Statute.
10 It is not restricted. It is restricted to those
11 who are licensed, but there is nothing to prevent
12 a United Kingdom shipping company getting a licence.

13 MR. SAUNDERS: May I ask a question? I
14 understand that these licences are issued by the
15 Minister of Transport. Is that right?

16 THE CHAIRMAN: The Board of Transport
17 Commissioners.

18 MR. SAUNDERS: The Board of Transport
19 Commissioners, yes. Is it not under their control?
20 Could they not control that in the issuance of
21 licences, in other words, restricting that?

22 MR. MUNDELL: There is nothing in the
23 Statute that would require them so to control.
24 There is certainly an implication that a licence
25 will be granted if the applicant establishes that
26 it would be convenient for the public or that
27 public convenience and necessity require it.
28 I should think in those circumstances the Board
29 would probably be in the position of having to
30



1 grant a licence. However, I think in any event you
2 can consider his lordship's question. There is no
3 doubt about the bulk trade because there nobody is
4 required to get a licence. The complaint of the
5 Canadian ship owners or operators is that the U.K.
6 vessels will move in and carry the bulk cargoes
7 more cheaply than Canadian vessels can do so, and
8 put the lakera out of business, and that they will
9 do the same to the package freight trade. However,
10 leave the package freight trade out if you like.
11 Would the City of Hamilton be happy to rely on
12 non-Canadian vessels for the transportation of ore,
13 coal and limestone for the operation of the mills
14 here?

15 MR. SAUNDERS: May I answer that. I am
16 afraid that we did not consider that phase of it
17 as regards the operation of one shipping line as
18 against another. We have tried to present our views
19 in our small way, perhaps being concerned about the
20 service rate structure and what it means for the
21 marketing of goods for Hamilton shippers. We did
22 not go into the competitive position of Canadian
23 shippers versus British shippers.

24 THE CHAIRMAN: Of course, it is not separated
25 from rates, either. At the present time you have
26 competing, to a limited extent, and you will have
27 to a much greater extent, British tramps and
28 Canadian vessels, and they compete with the usual
29 beneficial effect on price. You want to have that
30



1 condition continued but it will only continue so
2 long as you have the two competitors. If the English
3 competitor is as strong as the shipping companies
4 and ship builders allege he is, he will soon
5 eliminate his Canadian competition and then you
6 will not have the competition which gives you the
7 lower price; not that there will be a combine
8 amongst English shipping companies, but one whole
9 group of competitors will be removed from the
10 market, and I think you will agree with me that
11 usually the more competitors the better the effect
12 in keeping prices down. Under those circumstances
13 your prices would then be governed by the vagaries
14 of international freight tramp rates, because
15 these ships that they allege would be driving the
16 Canadian shipping companies to the wall would be
17 here or would be in Liverpool or would be in Hong
18 Kong, depending as freight rates called them.

19 MR. SAUNDERS: Well, as I have said before,
20 that phase of it was not discussed and I have not
21 any instructions.

22 THE CHAIRMAN: This is not only important
23 on availability, it is important on rates. In
24 other words, you might get a very violent com-
25 petition and beautifully cheap rates for a time,
26 and at the end find the rates were higher than when
27 you started.

28 MR. SAUNDERS: That could happen, I suppose.
29 I am afraid I cannot answer it any further than
30



1 that.

2 MR. MUNDELL: I was going to pass on to
3 something else, if that is satisfactory, sir.

4 THE CHAIRMAN: Yes.

5 MR. MUNDELL: I was wondering if your
6 organization could give to the Commission any
7 detailed views as to how you anticipate that the
8 Seaway will affect Hamilton and as to what trades
9 might improve or increase? You have mentioned the
10 Newfoundland and Maritime trade.

11 MR. SAUNDERS: I am afraid we have not gone
12 into any detailed study of it. Probably at some
13 time in the future we might do so; I cannot say as
14 to that. The indications are, I think, as I read
15 in that statement regarding the port of Hamilton,
16 that Hamilton is in a very strategic position to
17 benefit, perhaps as much as anybody, by the
18 development of the Seaway. I am afraid that is
19 as far as I can go on that.

20 MR. MUNDELL: You feel that you probably
21 would need a crystal ball to go very much farther.

22 COMMISSIONER WICKWIRE: For my benefit
23 would you tell me what the indications are? You
24 say there are indications. There are also
25 indications that a lot of other places along the
26 Seaway are going to benefit. I am a stupid
27 person; I do not live in this part of Canada,
28 and I would like to know what the indications are.

29 MR. SAUNDERS: Perhaps the Hamilton
30



1 Harbour Commissioners could answer that better than
2 I can, but I understand that the plans they have
3 already undertaken, and the ones they hope to
4 undertake are based on the theory that the
5 shipping business into the port of Hamilton will
6 improve with the opening of the Seaway. I think
7 that is in the statement I read before, but they
8 could answer that better than I can.

9 COMMISSIONER WICKWIRE: Montreal Harbour
10 conditions are going to improve; Toronto are going
11 to improve; Quebec say their conditions are going
12 to improve; what are the indications that you are
13 going to do better than they do, if there are any?
14 Is it just harbour facilities?

15 MR. SAUNDER: It is harbour facilities and
16 expansion of heavy industry which is located in
17 this territory.

18 MR. MUNDELL: Would it be fair to say that
19 having a large amount of industry here and already
20 having a considerable Maritime trade, in the
21 wider sense, you would expect that that business
22 will increase because of the cheaper international
23 connections as well as possibly cheaper internal
24 transportation? Would that be a fair way of
25 putting it?

26 MR. SAUNDER: Well, it might be so in the
27 foreseeable future. Every one in industry --
28 the Hamilton Harbour Commissioners and every-
29 body -- is expanding, and it is only natural to
30 assume, I would imagine, that they are expanding



1 with the hope of getting more business and increased
2 trade.

3 COMMISSIONER WICKWIRE: That will come as a
4 result of the Seaway? It will come to Hamilton
5 as a result of the Seaway?

6 MR. SAUNDERS: They are hopeful of that,
7 yes, sir.

8 COMMISSIONER WICKWIRE: Supposing there is
9 restriction of coastal shipping to Canadian ships
10 only. Will that expansion come to Hamilton? Have
11 you considered that?

12 MR. SAUNDERS: No, we have not. That is a
13 point that we have not discussed and I have no
14 instructions on that.

15 MR. MUNDELL: It is a sort of fundamental
16 question, is it not, when you are advocating
17 restricting the package freight trade to Canadian
18 ships?

19 MR. SAUNDERS: Yes.

20 COMMISSIONER WICKWIRE: It must be because
21 of increased shipping facilities both in the St.
22 Lawrence and in Hamilton Harbour that you would
23 expect increased industrial expansion?

24 MR. SAUNDERS: That is one of the reasons.
25 I would not say it was all of them, but it is
26 one of them, anyway, so far as shipping is
27 concerned.

28 COMMISSIONER WICKWIRE: Is not shipping
29 one of the big factors in it?
30



1 MR. SAUNDERS: There are other methods of
2 transportation. There are railways and trucks
3 that have to be considered, which also handle
4 goods.

5 COMMISSIONER WICKWIRE: Well, you do not
6 truck goods from here to Port Arthur, do you?

7 MR. SAUNDERS: I could not say. I do not
8 think so but I could not say.

9 COMMISSIONER WICKWIRE: Or from here to
10 Newfoundland?

11 MR. SAUNDERS: No, sir. That is an island.

12 COMMISSIONER WICKWIRE: And is not shipment
13 by railway always more expensive than by seaway
14 or waterway?

15 MR. SAUNDERS: I am afraid I cannot answer
16 that. It just depends where it is going and where
17 the point of shipment is and where the point of
18 destination is.

19 MR. MUNDELL: Mr. Chairman, I think I had
20 covered all the points that I had proposed to ask
21 about except those that are covered in the
22 additional material that Mr. Saunders has filed,
23 which gives a great deal of additional information
24 that was not previously available. I have really
25 confined my questions to trying to clarify the
26 submissions, and that is really all I have to
27 ask.

28 THE CHAIRMAN: Are there any further
29 questions?
30



1 MR. SIMARD: Mr. Saunders, I am representing
2 Marine Industries Limited. Carrying on the same
3 line of thought, or the same reasoning that the
4 Chairman has mentioned, that if the Canadian ships
5 and ship operators are put against the wall and
6 you are left to rely on U.K. ships, have you
7 considered the fact that on the Lake here the
8 season is much longer than down below; that in
9 the spring the other ships would have to wait
10 until around the 15th of April or maybe the end
11 of April in order to come up and serve the different
12 ports, Hamilton or the other Lake ports, and in
13 the fall, as you know, the Montreal district is
14 closed towards the end of November, so that you
15 may lose about a month, maybe more, of valuable
16 time in the spring and in the fall. In the fall
17 there is a rush to get the material out, and in
18 the spring you have a kind of a stockpile, and all
19 the industries that are looking for iron ore or for
20 their raw materials are anxious to have bottoms,
21 and therefore if you were faced with that situation
22 that might be a big factor affecting all the
23 industries of Hamilton. Was that ever taken into
24 consideration?

25 MR. SAUNDERS: I am afraid it was not. Thank
26 you for the thought, anyway; we will be very glad
27 to consider that later.

28 MR. GERITY: Mr. Chairman, perhaps I might
29 ask one or two questions. I represent one or two
30



1 of the Great Lakes ship owners, Mr. Saunders. If
2 I understand your brief correctly, you are opposed
3 to a reservation of the coastal trade to Canadian
4 ships; is that right?

5 MR. SAUNDERS: Opposed to reservation? I
6 do not quite understand what you mean.

7 MR. GERITY: Restriction or reservation;
8 whatever you wish. Does it make any difference?
9 Are you opposed to it?

10 MR. SAUNDERS: I am afraid I cannot under-
11 stand that.

12 MR. GERITY: I am curious to know. Hamilton
13 is the third largest port in Canada, is it not,
14 by tonnage?

15 MR. SAUNDERS: By tonnage, yes, sir, I
16 suppose so.

17 MR. GERITY: And that is almost entirely
18 made up of Great Lakes ships, is it not? You
19 do not suggest that the foreign ships represent
20 any great element in your tonnage?

21 MR. SAUNDERS: Well, without making a study
22 of it, I am afraid I cannot answer that at the
23 moment.

24 MR. GERITY: Would you say that the Great
25 Lakes shipping industry was important to the
26 port of Hamilton?

27 MR. SAUNDERS: Great Lakes industry? I
28 do not quite understand what you mean by the
29 Great Lakes industry? You mean the Canadian
30



1 registered ships?

2 MR. GERITY: I simply said, Mr. Saunders,
3 would you consider the Great Lakes shipping industry
4 which at present is Canadian ---

5 MR. SAUNDERS: I am afraid I cannot answer
6 that.

7 MR. GERITY: --- to be of importance to the
8 port of Hamilton? I ask that because it seems to
9 me on any fair reading of your brief that your
10 Chamber is interested only in the trade with
11 Newfoundland, and I am curious to know why. Out
12 of all the coast of Canada the third largest port
13 is interested in two small ships that run to
14 Newfoundland. Is that right?

15 MR. ARMSTRONG: Well, we do have an interest
16 in the traffic to the Maritimes, including
17 Newfoundland, but very definitely we do also have
18 an interest in the question that you have posed,
19 that we are relying to a very large extent on
20 Canadian vessels operating on the Great Lakes.

21 MR. GERITY: Is the Steel Company of Canada
22 a member of your Chamber?

23 MR. ARMSTRONG: Yes, they are.

24 MR. GERITY: Have you ascertained their
25 views on the service of iron ore and coal cargoes?

26 MR. ARMSTRONG: I have not personally, no.

27 MR. GERITY: Does anything in your brief
28 express their view?

29 MR. ARMSTRONG: I do not think so.
30



1 MR. GERITY: Is it not fair for me to say
2 that a fair summation of your brief is that it goes
3 to two small ships that trade to Newfoundland?

4 MR. ARMSTRONG: I do not have a definite
5 directive in that connection from our Chamber,
6 and before I could answer it I am afraid I would
7 have to take it back.

8 THE CHAIRMAN: Mr. Gerity is not asking you
9 to get any directive or to go beyond what is set
10 up in your brief and signed by your secretary. He
11 says: reading the brief is it not a fact that it
12 is aimed at the protection of the trade by what
13 Mr. Gerity says are two small ships between
14 Hamilton and St. John's, and that it forgets the
15 tens of thousands of tons of package freight which
16 the Canada Steamship Lines handle out of Hamilton,
17 by itself, without considering any of the bulk
18 trade?

19 MR. ARMSTRONG: If that is the thinking that
20 you are taking out of it, I do not think that that
21 was the intent.

22 MR. GERITY: Thank you. Thank you, Mr.
23 Chairman.

24 THE CHAIRMAN: Thank you very much,
25 gentlemen.

26
27 ---A short recess.

28

29

30



1 MR. GERIN-LAJOIE: Mr. Chairman, the next
2 submission is on behalf of Canadian Westinghouse
3 Company Limited, Brief No. 60. Mr. John A.
4 Campanaro, General Manager, Commercial Development,
5 is appearing on behalf of the Company, with Mr.
6 D.I.W. Bruce as counsel.

7 THE CHAIRMAN: Yes, Mr. Bruce?

8 MR. BRUCE: I am just going to turn things
9 over to Mr. Campanaro, Mr. Chairman.

10 THE CHAIRMAN: Thank you, yes?

11
12 SUBMISSION OF CANADIAN WESTINGHOUSE CO. LTD.

13 ---Mr. G.A. Campanaro and Mr. D.I.W. Bruce
14 appearing.

15 MR. CAMPANARO: Mr. Chairman, members of
16 the Commission. We of Canadian Westinghouse have
17 submitted a brief to you wherein we presented our
18 views on a subject you are now studying, and there
19 is nothing more we can add to that except possibly
20 to try to be of some assistance in clarifying any
21 points of our brief on which you may wish to
22 question us.

23 THE CHAIRMAN: Yes, Mr. Gerin-Lajoie?

24 MR. GERIN-LAJOIE: Q. Mr. Campanaro, for
25 the purpose of the record, would you say firstly
26 whether Canadian Westinghouse Company Limited
27 is a Canadian incorporated company incorporated
28 under the laws of Canada or one of the Provinces?

29 A. Yes, Canadian Westinghouse is incor-
30



1 porated under the laws of Ontario.

2 MR. BRUCE: No, of Canada.

3 MR. GERIN-LAJOIE: Q. Can you tell the
4 Commission also if the Company is Canadian owned,
5 that is, if the majority of the shareholders are
6 Canadian residents?

7 A. The majority of the shareholders are
8 not Canadian. The company's corporate structure
9 in shareholdings runs approximately 70 to 80% to
10 U.S. corporations and about 20% widely held in
11 Canada by Canadian stockholders.

12 Q. Now, do I understand that this brief
13 which bears the signature of Mr. H.H. Rogge is
14 submitted on behalf of the Company as such?

15 A. That is right.

16 Q. Would you say a word about the company's
17 personal interest in the matter that is being
18 investigated by this Commission. You have explained
19 in the first paragraph, of course, that, while the
20 company has a business interest in the problem,
21 you do not wish to take a standpoint which is purely
22 selfish and you wish to consider the problem from
23 the national standpoint. Well, first of all,
24 before going to the national standpoint, would
25 you say what interest your company has in this
26 investigation?

27 A. Canadian Westinghouse Company as a
28 manufacturer of electrical equipment is undoubtedly
29 a potential supplier of propulsion or shipboard
30



1 machinery to the Canadian shipbuilding industry,
2 and that would cover one facet, one of the many
3 facets of the company's business.

4 Q. When you say "potential supplier",
5 aren't you an actual supplier?

6 A. Yes, we are an actual supplier to-day
7 in the Canadian Government's naval shipbuilding
8 programme, but I think you will bear with me when
9 I refer to the relatively small amount of ship-
10 building that has gone on in Canada within the
11 last few years other than naval shipbuilding, and
12 for that reason I used the word "potential
13 supplier".

14 Q. Now, going to the standpoint of the
15 Canadian economy as a whole and the Canadian general
16 interest, do you envisage in this brief only the
17 shipbuilding industry or also the shipping
18 industry?

19 A. In that brief we have found it rather
20 difficult to divorce the interests of the ship-
21 building interest from the interests of the
22 shipping industry. We cannot help but feel they
23 are one and the same. I believe you will find the
24 tenor of our brief to refer to a subsidy, and we
25 see in this reserving of coasting trade to
26 Canadian built ships under Canadian registry a
27 form of subsidy which we very strongly feel is
28 necessary to the Canadian shipyards who cannot
29 possibly exist in Canada under an open, free,
30



1 economical basis.

2 Q. Would you care to explain how you feel
3 or see that these two problems, which I dis-
4 sociate for the moment, are in your view one and
5 only one problem?

6 A. I think we have elected to see in this
7 subject a partial answer to a problem which we
8 feel exists in Canada, and that problem is the
9 livelihood or the existence of our shipyards. I
10 believe for that reason that we have elected to
11 see in this Commission's study a possibility of
12 easing that problem.

13 Q. The problem of the shipyards?

14 A. The problem of the shipyards. I don't
15 know that I could answer in any other way as to why
16 we feel we cannot divorce one from the other.

17 THE CHAIRMAN: I will divorce them for you.
18 Mr. Campanaro, suppose there may be legislation
19 which required every ship engaged in the coasting
20 trade to be a ship of Canadian registry, with the
21 natural implication that they would be paying
22 Canadian wage rates, but that the ships be bought
23 wherever the purchaser wishes to buy them. Now,
24 would not that very strongly protect the Canadian
25 shipping industry and mean, if we take the ship-
26 builders at their word, the death of the ship-
27 building industry?

28 A. Very much so, sir.

29 Q. That would be divorcing their
30



1 interests?

2 A. It may then, sir.

3 Q. I mean, I don't think you can consider
4 their interests are one and the same on the basis
5 that a very large percentage of the shipbuilding
6 industry is owned by the shipping industry?

7 A. Sir, I wonder if maybe we may not be
8 misunderstanding. We at Canadian Westinghouse,
9 our interpretation of the study was the reserving
10 of Canadian registered and built ships. Now, if I
11 am wrong in that assumption and this study is for
12 the reserving of Canadian registered ships, I
13 agree so heartily with you that that would not
14 fulfil the intent that we had.

15 Q. I see nothing in our Order-in-Council
16 which will restrict us to the consideration of any
17 ramification. We are to consider a situation in
18 so far as I know.

19 A. May I ask for some clarification, sir?
20 Is the subject you have under consideration the
21 study of the possibilities of reserving Canadian
22 coasting trade to Canadian built and registered
23 ships or just Canadian registered ships?

24 COMMISSIONER WICKWIRE: It may be either or
25 both.

26 COMMISSIONER BELANGER: It could be both.

27 THE CHAIRMAN: Or neither, or another method
28 of accomplishing the same end -- the subsidy you
29 mention, duty rates. There are perhaps a good
30



1 dozen different schemes, any one of which is avail-
2 able for our consideration. We have no decisive
3 effect. We are to inquire and to recommend, that
4 is our direction.

5 MR. GERIN-LAJOIE: Perhaps the witness would
6 like us to help him by saying that your terms of
7 reference refer to the coasting trade of Canada in
8 general, and in particular the problem of the
9 Canadian trade, so any problem connected with the
10 coasting trade is within the terms of reference of
11 this Commission.

12 THE CHAIRMAN: We have as an allied problem:
13 when the Seaway starts to work, can the harbours,
14 including the harbour of Hamilton, handle it, no
15 matter what flag flies from the stern?

16 MR. GERIN-LAJOIE: So, Mr. Campanaro, if
17 you envisage just the point of view of the ship-
18 yards, if that is mainly what you had in mind at
19 the start of your reasoning, is it not conceivable
20 that the effective way of helping the shipyards in
21 Canada and maintaining them would be the subsidy
22 system policy? I say, one effective system, and
23 if that were done there would still be the problem,
24 or one problem, of the shipping industry?

25 A. Yes, a subsidy to the shipyards would
26 definitely alleviate the shipyards' problems.
27 That would not alleviate the necessity that I
28 feel is here in Canada for a strong shipping
29 industry. Again, it would be rather difficult
30



1 for me to conceive the death of the Canadian shipping
2 industry by virtue of not having proper protection,
3 and yet the results or any tangible results from
4 the subsidy of the shipbuilding industry: who
5 would buy these ships that were subsidized and on
6 what basis? Can we, as a people, justify a
7 subsidy to the shipyards if there were no Canadian
8 shipping?

9 Q. Let me put this question to you. If
10 the Canadian Government were to enforce a subsidy
11 policy for the shipyards of Canada, and a Canadian
12 steamship company buys a ship in Canada of the
13 same cost to itself as it could do in Britain, do
14 you feel that the shipping industry would be in
15 danger, and how?

16 A. I believe the shipping industry would
17 be in danger for the same reasons that we would
18 find it necessary as a country to subsidize ship-
19 building. One of the reasons why we look to this
20 subsidy or to a means of assisting the shipbuilding
21 industry, is that the shipbuilding industry is in
22 competition with other shipbuilding countries of
23 the world, notably Great Britain, Germany and a
24 few others, who have an entirely different standard
25 of living and wage rates to contend with.

26 Q. Are you talking of shipbuilding?

27 A. I am talking of shipbuilding, and
28 that is one of the reasons why our shipbuilding
29 cannot be competitive with shipbuilding
30



1 overseas. Is it not reasonable to assume -- or I
2 will go to more than an assumption -- that our
3 shipping industry would be faced with this same
4 problem, and that the subsidy of shipbuilding
5 without a like assistance to shipping would only
6 go partial way in assisting our shipping industry?
7 It would assist them in the procurement of their
8 ships at possibly the same cost that they would
9 purchase ships overseas, but that is only the
10 start for the shipping industry. There are the
11 costs of maintenance, the costs of operating which,
12 by virtue of the higher costs of labour in Canada
13 and the higher standard of living, are considerably
14 higher than in the case of foreign shipping
15 interests.

16 Q. Do you envisage that ships of foreign
17 or U.K. registry would go to Britain for repairs?

18 A. For repairs?

19 Q. Or not in Canada, is that what you
20 have in mind?

21 A. I do not believe I have the function
22 of repairing in mind when I say maintenance. I
23 think maybe it could be better expressed by saying
24 costs of operation.

25 Q. You mean labour?

26 A. Labour, costs of operation.

27 Q. Services of seamen?

28 A. That is right.

29 Q. Any other factor you have in mind
30



1 or not?

2 A. I do not believe I am qualified to that
3 degree in the shipping industry to know all their
4 costs. I assume that the shipping industry in
5 Canada is very much the same as other industries
6 in Canada: we all have different items of costs
7 which contribute, but we are a high cost country,
8 we have a high cost of living.

9 Q. Of course, but I would like to ask
10 this question. Do you conceive that the U.K.
11 registered ship operating in the coasting trade of
12 Canada could operate for a number of months and
13 years on the British scale of wages?

14 A. I do not know, I do not know. I
15 believe it would be reasonable to assume that
16 were our Canadian shipping industry pushed off
17 our inland waters, that eventually our living
18 standards in Canada would creep into the seamen,
19 or the workers, or the personnel of any foreign
20 ship operation in our area; but I think in that
21 case we may be dreaming a wee bit, because there
22 would be methods, I believe, for the shipping
23 companies to rotate personnel and keep the
24 personnel levels to what they are in the rest of
25 the world under their flag.

26 Q. But you do not have any example of
27 that happening?

28 A. No.

29 Q. In Canada?
30



1 A. I do not.

2 Q. You will appreciate, of course, the
3 purpose in my question. The views which you put
4 forward now have been put forward before this
5 Commission many times, but of course some other
6 people ask whether such fears are justified, and I
7 am wondering if you had any other points to bring
8 forward before the Commission as to the grounds
9 for the fears which are implied in your suggestions.
10 It has been suggested before this Commission that
11 the operation of ships on the Great Lakes and St.
12 Lawrence River, to be most efficient, has to be
13 carried out in certain types of ships. Is it not
14 conceivable in your view that this higher efficiency
15 of a special type of vessel may compensate for the
16 lower cost of operating U.K. registered ships or
17 ocean ships coming in?

18 A. I do not believe I understand that
19 question fully.

20 Q. Well, put it this way, if you wish.
21 Canadian ships operating exclusively on the Great
22 Lakes and the St. Lawrence River are or would be of
23 a special design. There are a number of them at
24 present. The cost of labour or the wages may be
25 higher but the efficiency and the net earnings at
26 the end may be higher than those of a British ship
27 which would be less efficient but would have smaller
28 expenses?

29 A. To me, sir, that would be conceivable,
30



1 but that is just the expression of one who is not
2 associated with the industry, but the way you put
3 your question to me, a study of that could result
4 in that being conceivable, but I do not believe
5 I am qualified.

6 Q. Has your company considered the
7 probable or possible effects of your recommendation
8 to restrict the coasting trade in Canada to
9 Canadian registered and built ships, the possible
10 and probable effects on certain regions of the
11 country like Newfoundland, for example, or not
12 especially?

13 A. Not especially as to how it affects
14 regions other than what we are talking about here.
15 No. 1, maintaining two industries in Canada, and
16 by supporting the growth and maintenance of
17 industries in Canada that cannot help but support
18 and further the over-all good of the country in
19 all areas.

20 Q. What do you say as to the view expressed
21 by the Prairie people ---

22 THE CHAIRMAN: There is, for example, the
23 western wheat farmer and the pulp and paper
24 industry. 90% of it goes out of Canada. They
25 say that our present export markets -- and I am
26 quoting them now, I am not arguing -- our present
27 export markets are on such a narrow basis that
28 anything that adds to or which prevents a
29 lowering of our transportation costs is liable
30



1 to drive them out of world competition. It would
2 do very little good for Canadian shipping if they
3 had a restricted market and nothing to carry
4 because the shippers could not sell their goods
5 in the world market.

6 A. That could create, sir, a rather
7 controversial subject if we discuss it.

8 COMMISSIONER WICKWIRE: Not only could, but
9 it has.

10 THE CHAIRMAN: It is a controversial subject
11 and we have been pitchforked into it for the last
12 three or four months, Mr. Campanaro.

13 A. That is true. Would the coasting
14 trade affect the world market of either wheat
15 interests or the paper interests?

16 Q. Sure, it is coasting trade from Port
17 Arthur to Montreal, nothing but, and that is where
18 the wheat moves.

19 A. Do we now contemplate, sir, that the
20 wheat would move from Port Arthur directly to
21 India, Germany, France?

22 COMMISSIONER WICKWIRE: Some of it undoubtedly
23 ly would, some of it.

24 A. Just the economics of sending wheat
25 from Port Arthur, wheat destined for Germany,
26 France, England, India, shipping it to Montreal
27 first and then re-shipping it, I think would
28 create a greater cost to the shippers of wheat
29 than the direct shipment of wheat. I do not
30



1 believe that wheat is sold overseas, sir, in such
2 smaller quantities that it would only be a partial
3 cargo.. I may be wrong.

4 THE CHAIRMAN: Then we are arguing about
5 something which is not of any importance whatever,
6 because there has been no proposal that inter-
7 national trade should be in any way restricted.

8 A. That is right, sir.

9 Q. Therefore, if it is all going to be
10 carried on international ships coming from the
11 Head of the Lakes, it does not matter whether the
12 Canadian coasting trade is restricted or not,
13 they are not going to have any business?

14 A. I believe it does, sir. I can give
15 reference to the two examples that you offered, one
16 in wheat.

17 Q. Yes?

18 A. And one in pulp.

19 Q. Yes?

20 A. Now, I am sure that the cost to
21 that wheat seller is very close and dear to
22 his heart, and a tremendous amount of wheat must
23 be sold overseas by international shipping.

24 Q. You mean from the Head of the Lakes?

25 A. It probably will, sir, with the advent
26 of the St. Lawrence Seaway.

27 Q. They express some doubt. I believe
28 the cost factor as between the best of tramps
29 that should be carrying it and the Canadian Laker
30



1 is about 17 to 11, and it would certainly pay to
2 carry it in the Laker as far as you could possibly
3 carry it.

4 A. Would they just add a wee bit more
5 subsidy to the wheat, sir?

6 Q. You mean that we should have to add
7 a little more subsidy to the wheat in order to
8 maintain the Canadian shipping trade?

9 A. No, I donot mean that. On pulp,
10 sir, with the bulk of our pulp going across the
11 border to the United States, it is difficult for
12 me -- again not being too close to the industry --
13 to conceive how reserving the coasting trade to
14 Canadian registered ships would affect our pulp
15 exports.

16 Q. There is some pulp carried in U.K.
17 bottoms in the Canadian coasting trade up the
18 St. Lawrence River. Of course, one might be led
19 to believe, looking at some profit and loss
20 statements, that the pulp industry was not in
21 danger of being driven very close to the wall
22 anyway; and perhaps the example of some of the
23 other more marginal products of eastern Canada,
24 Atlantic Canada, such as gypsum, and cement,
25 would be more proper, for example. That is coming
26 from Newfoundland to Montreal and even to Toronto,
27 and they say: if we are forced to carry that
28 only in Canadian bottoms, with Canadian con-
29 struction costs, we simply cannot compete.
30



1 A. Sir, I do not think any one ever
2 thought that the answer to this problem was a
3 simple one.

4 Q. Well, if any one ever did I am afraid
5 so far as I am concerned we are disabused.

6 A. I believe one of the facets of this
7 problem that makes it so extraordinarily difficult
8 is the differences of interest, and our problem
9 is one of weighing the value of one against the
10 other. There is no cure-all. The reserving
11 of the coasting trade to Canadian registered ships
12 and Canadian built ships I do not profess to say
13 is the end-all or the cure-all to the problems
14 facing our shipping industry.

15 Q. Well, what are the aims of your
16 company? I am quoting you when I say you feel a
17 strong shipping industry is necessary. What do
18 you feel? What do you want?

19 A. We feel, sir, if I may belabour the
20 point which I believe has been brought up con-
21 tinuously before you, in the interests of national
22 defence.

23 Q. All right, ~~then~~, that is one reason,
24 national defence. As you say, we have heard it
25 on, I think I can frankly say, multiple, numerous
26 occasions.

27 A. I know, sir.

28 Q. What other reason have you?

29 A. The health of one industry in a
30



1 country, sir, contributes to a great degree to the
2 health of industry as a whole.

3 Q. And would you say that that is more
4 emphatic if the one industry happens to be a
5 transportation industry?

6 A. I think the dependence that industry
7 as a whole in Canada has on transportation makes
8 the need for a strong transportation industry
9 paramount in our thoughts, sir.

10 Q. So that in addition to defence, you
11 say that the shipping and linked shipbuilding
12 industry should be maintained because it is one
13 of the links in a national integrated transportation
14 policy?

15 A. I believe that is correct, sir.

16 MR. GERIN-LAJOIE: That is all, Mr. Campanaro.

17 COMMISSIONER WICKWIRE: Q. Mr. Campanaro,
18 you said that the only interest of your company
19 was as a potential supplier of electrical
20 equipment to the Canadian marine industry?

21 A. Yes, sir.

22 Q. Do you not ship any of your products
23 in Canadian ships or any ships now?

24 A. I believe we do, sir, but compara-
25 tively small quantities.

26 Q. So that you are not interested in
27 costs, it is not a factor ---

28 A. The cost would be a factor with us,
29 sir. The cost of our materials, we recognize,
30



1 would probably have to be increased if we subscribe
2 to what appears to be a new axiom that by doing
3 this we are going to increase our freight rates.
4 I have yet, sir, not been convinced.

5 THE CHAIRMAN: I used the words "or the
6 decreased preventive", because the shipping
7 industries who advocate restriction have been very
8 positive in their statements to us that freight
9 costs are going down as a result of the Seaway,
10 whether they are being restricted or not.

11 A. I believe that is right, sir, and
12 from a cost standpoint, we as a company, the cost
13 of materials and services we buy, it has occurred
14 to us, we have thought of it, but it does not
15 make us feel -- we are not wary of it, we are not
16 afraid it is going to put us out of business by
17 excessive costs of transportation.

18 COMMISSIONER WICKWIRE: Or that it will be
19 a factor?

20 A. Or that it will be a factor in many
21 other places.

22 COMMISSIONER BELANGER: You don't feel it
23 will be a factor in the Newfoundland cost of
24 living so that it would prevent Newfoundlanders
25 from buying your products, you have no fear of
26 that?

27 THE CHAIRMAN: You see, trade to Newfound-
28 land, Mr. Campanaro, is twofold: package freight
29 going down -- Westinghouse T.V. sets (perhaps
30



1 they are not very useful there but I believe there
2 were a lot of them in the windows in St. John's
3 when we went through there this summer) and every-
4 body else's products, and the bulk coming back.
5 Now, Mr. Belanger's point to you is, if these
6 marginal industries' bulk freight costs are
7 increased -- because there is no Seaway involved
8 there, it is simply the replacement of the present
9 shipping, U.K. transportation, with a more
10 expensive Canadian restricted transportation --
11 if these bulk costs are increased and the workers
12 do not have the opportunity to earn their money,
13 they are not going to be able to buy your television
14 sets?

15 A. If I could be convinced, sir, that by
16 making our shipping industry healthy we would be
17 increasing our costs of shipping, that may give me
18 some concern, but I cannot help but feel that good
19 economics dictate that the healthier the industry
20 with whom you are dealing, the more efficient
21 they are. I am sure with the proper encourage-
22 ment towards efficiency of our shipping industry,
23 we would reap benefits possibly, sir, or our
24 television sets, by virtue of a freight drop,
25 might sell easier in Newfoundland.

26 Q. Oh, this is the encouragement of the
27 infant industry argument, is it?

28 A. No, it is not the infant industry,
29 sir.
30



1 Q. No, it is an industry which is not
2 now efficient because of lack of volume and where
3 you say the cost factor would go down?

4 A. No, I don't mean that, sir. I think
5 our shipping industry, like any other industry,
6 has normal fixed overheads.

7 Q. Yes?

8 A. Where increased volume is the only
9 answer to reducing costs.

10 Q. So you think that the difference in
11 shipbuilding costs at any rate between the United
12 Kingdom and Canada might well, if not disappear,
13 become very materially smaller if the Canadian
14 yards, having protection, could have the increased
15 volume which would result from it?

16 A. I believe if we refer back to the
17 shipyards, that if the shipyards through encourage-
18 ment that they would get to maintain personnel,
19 aside from the very, very important factor (again,
20 sir, belabouring it) of national defence which I
21 believe is of paramount importance, cannot help
22 but distribute the load.

23 I mean, by encouraging our shipping industry
24 to purchase ships in Canada, we encourage the
25 health of our shipbuilding industry, which in turn
26 drives down the costs of our ships, which may
27 possibly bring us to the day when our shipbuild-
28 ing industry may too compete in some other
29 countries of the world -- never, I do not believe,
30



1 within the United Kingdom or Germany, but it has not
2 been many years ago, sir, that our Canadian ship-
3 building industry did compete and did build several
4 ships for South America.

5 Q. That was just because they could not
6 get delivery in U.K. yards.

7 A. I know of one in particular, sir, where
8 a Canadian yard competed with U.S. yards on a ship
9 for a U.S. operator, and the Canadian yard was
10 successful in producing that ship in time and at a
11 lower cost than the U.S. yard.

12 Q. Of course, that is the one place where
13 all costs are higher. I think the Americans take
14 care of that with a generous subsidy, so that it
15 would be pretty near impossible ---

16 A. This happened to be one of the ship
17 operators who would not accept the subsidy. I
18 believe there are certain conditions to the U.S.
19 subsidy, as to flying the U.S. flag. This operator,
20 for the operation of the ship in the area that it
21 was to be operated in, which would not be back in
22 U.S. waters, elected to have a crew other than U.S.

23 Q. You may have your subsidy, but I would
24 not think that the U.S. yards could come close to
25 competing with the Canadian yards. I think the
26 Canadian yards beat them every time, apart from
27 subsidy, because our labour costs are less.

28 A. It is hard to believe at times that
29 there is any difference.
30



1 Q. I know your experience, Mr. Campanaro,
2 makes you a little bitter on that.

3 COMMISSIONER WICKWIRE: I would like to ask
4 another question but in a different field. Do
5 you sell f.o.b. your plant or do you sell f.o.b.
6 your purchaser?

7 A. Well, in Canada, sir ---

8 Q. In Canada, I mean.

9 A. In Canada we normally sell f.o.b. a
10 warehouse, a location, or I believe we sell f.o.b.
11 factory, for legal reasons, isn't that right, sir?

12 MR. BRUCE: Definitely.

13 MR. CAMPANARO: Because of the type of
14 transfers, with freight allowed to location;
15 f.o.b. Hamilton with freight allowed to destination.

16 MR. BELANGER: What I am driving at is,
17 besides, of course, you have suggested price on
18 some articles. How does it ---

19 A. On non-consumer goods, yes, there
20 would be list prices published and in those prices
21 you would determine the price of an area. I don't
22 believe I can answer this. I have been trying to
23 think of it. I don't recall any situation where
24 we have a differential in price by virtue of area.
25 I think maybe that is what you meant to develop:
26 will the cost of transportation create a change
27 in price in different areas of a country?

28 COMMISSIONER BELANGER: Yes.

29 A. Our price would absorb freight all
30



1 over Canada.

2 COMMISSIONER WICKWIRE: Is the refrigerator
3 in Vancouver the same as it is in Hamilton or
4 Toronto?

5 A. To the dealer, yes, sir.

6 COMMISSIONER BELANGER: To the dealer?

7 A. That is right.

8 Q. That is exactly the point I am driving
9 at. I mean, your selling price?

10 A. Our selling price, the price which we
11 as a manufacturer sell our product at, the price
12 would be ---

13 Q. The same?

14 A. The same.

15 Q. In Montreal as it is in Newfoundland,
16 for instance?

17 A. You have put one on Newfoundland. I
18 am not trying to evade anything, sir. It is just
19 that this continued reference to Newfoundland
20 to-day has me just a wee bit wary that there is
21 something that is so different in Newfoundland, and
22 I came up and thought it was another province of
23 Canada.

24 Q. I will explain what I am driving at.
25 We heard many things in Newfoundland. We have
26 heard that the cost of transportation was the
27 most important thing in Newfoundland and we have
28 heard that any change in the cost of transportation
29 there would just decrease -- any increase in
30



1 their cost of transportation -- decrease their
2 standard of living, and I was asking you a
3 question with reference to, let us say, T.V. sets.
4 What would be the price of a T.V. set in Montreal,
5 the price of a T.V. set in St. John's, Newfound-
6 land, and the cost of transport between the two
7 points, and what I am trying to find out first is
8 the cost of transportation, and, second, how it
9 is absorbed. Is it absorbed by the consumer
10 there, by the company, or by the purchaser? It
11 might happen also that the difference in the
12 selling price of a T.V. set in Newfoundland might
13 be even greater than the difference of the cost
14 of transport for many other reasons, you see.
15 I was just trying to get some help from your
16 company.

17 A. I think this might help. I believe
18 there is something a lot more important and that
19 is this, the assurance that we can get our T.V.
20 sets to Newfoundland, when Newfoundland is in the
21 market for T.V. sets, and I feel the only way we
22 could have that assurance is to have a strong
23 Canadian shipping industry on whom we can depend,
24 whose sole existence is in Canada to perform
25 services; whereas, if from a shipper's standpoint,
26 sir, if we were to worry to-day about whether or
27 not we are going to have a rate increase, which
28 I am still not satisfied is so, to the point of
29 possibly doing away with our shipping, then we
30



1 as manufacturers are at the mercy of bottoms from
2 other parts of the world.

3 Now, which is the greater danger to the
4 manufacturer in getting our T.V. sets or our
5 refrigerators or our generators into Newfoundland?
6 The possible cost or the assurance and dependability
7 of the Canadian shipping industry? I think we
8 elect the second to be the more important to us.

9 Q. I understand very well your point of
10 view, but this is not the point that I am driving
11 at. I am not setting any trap.

12 A. I know you are not.

13 Q. I am not arguing anything. I am just
14 trying to get some information. Supposing I am
15 a purchaser. I want to buy a T.V. set, and I am
16 in Montreal. How much would I pay for the T.V.
17 set and how much would I pay in Newfoundland
18 for the same T.V. set? How does that work?

19 A. I would like very much to do this.
20 I cannot answer ---

21 Q. Or maybe you cannot answer immediately.

22 A. I believe, sir, from your asking that
23 question, that an answer to a question like that
24 may help you in evaluating some answers or
25 recommendations made elsewhere.

26 Q. That is it.

27 A. I would be very happy, if it would
28 be of any assistance to this Commission, to
29 answer that question for you intelligently by
30



1 giving you the exact story.

2 Q. That is what I mean. I don't mean
3 answer it immediately.

4 A. I cannot do that with any degree of
5 assurance.

6 Q. Would you like me to write to you?

7 A. I would be very happy.

8 Q. I will try to put my question more
9 clearly.

10 A. I think I understand your question and
11 it may be I am presumptuous in assuming that the
12 answer to that question would help you in evaluating
13 some previous recommendation, but I believe that is
14 my interpretation of it and I would be very happy
15 to send you that information.

16 Q. Thank you very much.

17 COMMISSIONER WICKWIRE: Just one thing more
18 since you have referred to Newfoundland and as far
19 as Canadian Westinghouse is concerned you elect
20 for assurance and dependability of Canadian shipping
21 service rather than to depend on, say, U.K. bottoms?

22 A. On any bottoms, sir, that we cannot --

23 Q. May I point out to you that there has
24 been one firm that has been running a liner
25 service from U.K. to Newfoundland, to Nova Scotia,
26 to New York, for something over a hundred years.
27 Would you consider that dependable?

28 A. Very much so, sir. I have heard
29 earlier just talking about a couple of ships from
30



1 Hamilton to Newfoundland.

2 Q. Oh, yes.

3 A. Whether this is just one example, and
4 again, if we are stressing on the importance
5 to Newfoundland, I agree very much that somebody
6 has already demonstrated, some one other than
7 Canadian shipping has demonstrated dependability;
8 but again it is one example, and when I say that
9 we as Canadian Westinghouse elect the dependability
10 factor, I think we are talking for all the points
11 in Canada that we can ship to by water.

12 Q. I appreciate that. My final question
13 is, what makes you think that the great bulk
14 carriers of the Great Lakes are going to be dis-
15 placed by any U.K. service on the coastal shipping?

16 A. I believe that with the cost of
17 building ships in the U.K. or Germany or Holland,
18 with the lower operating costs of U.K. ship
19 operators, if I had, sir, such an open market to
20 meet, I would find it prudent to invest the money
21 to build a ship and to enter that trade, because
22 if that is opened up on an out-and-out competitive
23 basis, I can foresee or I can conceive our present
24 ore carriers or bulk carriers on the Great Lakes
25 rotting in shipyards or at docks somewhere.

26 THE CHAIRMAN: What would replace them?

27 That is what Mr. Wickwire wants.

28 A. Ore carriers and bulk carriers, sir,
29 produced for this trade in Europe.



1 Q. They would be imported lakers?

2 A. Yes, sir.

3 Q. I see, what would they do in the
4 winter time?

5 A. Berth in the Lakes.

6 Q. So that they would operate on the same
7 basis as the Canadian ships?

8 A. In all probability, sir, if you
9 followed it through to its type of conclusion that
10 you might come to, we may find a new Canadian
11 shipping industry replacing our present Canadian
12 shipping industry, and by virtue of establishing
13 offices here, by virtue of them becoming Canadian
14 representatives, by rental of docking facilities,
15 for berthing their ships during the winter, to
16 all intents and purposes they will then become
17 the Canadian shipping industry.

18 Q. Would they be registered in Canada?

19 A. I do not believe so, sir.

20 Q. So that these ships built in some
21 foreign country would run year after year and berth
22 winters right in the Lakes tied up at Kingston or
23 Midland, as they are now?

24 A. I must profess my ignorance, sir, of
25 whether that is permissible under our Canadian
26 shipping laws.

27 Q. I don't think there is anything to
28 prevent a ship tying up where it wishes.

29 A. I believe that is conceivable.
30



1 Q. Still registered in the United Kingdom
2 and still paying U.K. wages? You do not credit
3 the Unions with whom you deal with any such lack
4 of fierce desire to spread the gospel?

5 A. I am sure, sir, that is not consistent
6 with what I said earlier when I said I believed
7 the shipping industry would find some ways of
8 rotating their crews and I think I too am confused
9 what they would do with their ships in the winter.

10 Q. You see, it has to be that kind of
11 ship to compete, Mr. Campanaro.

12 A. Well, sir, would that ship not be
13 used in other parts of the world?

14 Q. What are you going to do with it?

15 A. As a bulk carrier?

16 Q. You can't take them beyond Newfound-
17 land.

18 COMMISSIONER WICKWIRE: Shipping regulations
19 would not permit you to.

20 A. Oh, no, I am talking now about U.K.
21 registered ships.

22 THE CHAIRMAN: I don't care where they are
23 registered. I am talking about the kind of ship.

24 A. The kind of ship?

25 Q. The vessel, the basket that carries
26 the cargo. If you have the efficient basket
27 in the Great Lakes -- and you see them in the
28 Bay to-day, we watched one unloading this
29 morning -- that cannot go up there.
30



1 A. Isn't it conceivable, sir, that the
2 Great Lakes would then be served by bulk carriers
3 similar to those who cross the ocean to-day and
4 that what would be arrived at is a standardization
5 of the type of ship which ---

6 Q. If you used the present bulk carriers
7 that cross the ocean, it would be just exactly
8 like you turning around and servicing your company
9 with 1940 model trucks, and you would not do it
10 because you know they are so inefficient that you
11 would have them given to you and yet be losing
12 money on it. Now, what I am trying to test out
13 is something which we developed before on this.
14 Is there an intermediate thing? Is there something
15 which is somewhat like a Laker and also somewhat
16 like the ocean-going tramp ship?

17 A. I believe, sir, that that would
18 probably develop from the shipbuilding industry
19 and the European shipping interests to build if
20 our waterways were open to them in competition
21 with our Canadian ships. I think that is a very
22 definite possibility, a different concept of such
23 a ship which to-day, we feel, because of our Lakes,
24 requires ---

25 COMMISSIONER WICKWIRE: Have you any grounds
26 for your belief in that respect?

27 A. None other than the aggressiveness
28 of industry as a whole, sir, to cope with and
29 live with a technical problem. We at times
30



1 have difficulty living with financial problems,
2 but with technical problems industry as a whole
3 normally rises to meet them.

4 COMMISSIONER WICKWIRE: Thank you.

5 THE CHAIRMAN: Mr. Simard?

6 MR. SIMARD: Q. Mr. Campanaro, in a previous
7 session of this Commission which was mentioned,
8 it was suggested rather by one of the members of
9 the Commission in answer to the request, that a
10 certain nucleus of skilled labour be kept in the
11 different areas, at different points in the
12 country, and if I am not mistaken I think the
13 name of your company was mentioned; and that we
14 could, if there were an emergency, that they
15 could just open a shipyard and just call on
16 Canadian Westinghouse and say, "Send us a hundred
17 electricians", and have these men go and do the
18 electrical work on those ships.

19 THE CHAIRMAN: If there were an emergency,
20 Mr. Campanaro, you would not be able to build any
21 television sets, you would not be allowed to.

22 A. That is right, sir.

23 Q. Now, the suggestion was, that if we
24 need men for the very complicated electricians'
25 work and electronics of modern ships, could we
26 not get them from , I think it is Craige Street
27 in Montreal, where that great big Westinghouse
28 plant is?

29 A. I would like to believe that would
30



1 be possible, sir. I believe I may also clarify
2 that by telling you a little something about the
3 respective skills. The skills employed by a
4 manufacturer -- I hope I am getting this right ---

5 Q. This is exactly the point Mr. Simard
6 was on and I was on.

7 A. The skills employed by a manufacturer
8 differ considerably from the skills employed by
9 the user or assembler industry. Now, by that I
10 mean that Westinghouse would employ engineers,
11 design, production types, and people in our shops
12 are not electricians in the sense that we have
13 come to look upon electricians who will install
14 a power plant or do the electrical wiring on board
15 a ship. The closest we would come to that would
16 be that force of ours who assemble a control panel
17 and do the wiring within a control panel, which,
18 believe me, sir, is a far cry from doing any
19 lengthy transmission line type of work which goes
20 back into the ship. That type of electrician is
21 a much more refined type of transmission line
22 electrician.

23 Our people as manufacturers and designers
24 of equipment, we design equipment and we produce
25 equipment. We then sell it to either shipyards,
26 power companies or others, who in turn then employ
27 those skilled in either the installation of that
28 equipment which we have sold them, or the skills
29 for the maintenance of that equipment. That
30



1 becomes another group in this industry, in the
2 electrical industry, who are not actually associated
3 with the electrical industry as we know it. They
4 are the electrical arms of the user industry, of
5 those industries who use electrical apparatus.

6 MR. SIMARD: Q. Well, in the last few years
7 Canadian Westinghouse has, in answer to some
8 inquiry, developed some equipment at the request
9 of the different services for different engineering,
10 in shipbuilding, has developed a section for ships.
11 Mr. Campanaro is the one that was in charge of
12 that division for Canadian Westinghouse, and your
13 company has directed part of its operation in
14 shipbuilding into making parts for ships and that
15 is completely different from your manufacturing
16 commercially. In other words, if you take your
17 facilities, your staff, can Canadian Westinghouse
18 just turn around and produce something for a ship
19 just like you produce for commercial use, or for
20 making that equipment, for installing that equip-
21 ment, for guaranteeing that equipment?

22 A. Life would be rather simple in our
23 industry if that were possible. At the expense
24 of boring the Commission, we at Canadian Westing-
25 house did undertake^a very major electrical
26 programme for this naval shipbuilding programme.
27 We did it pretty much because we believed very
28 much in our theme that a nucleus of these skills
29 or the availability of these talents in Canada
30



1 is essential to our national welfare in the case of
2 national emergency or war. It has taken us some
3 four and a half years.

4 Q. How long?

5 A. Some four and a half years to develop
6 in our shops, in the philosophy of our engineers
7 and our user customers, that type of philosophy
8 which is necessary to producing complex electrical
9 equipment for present day complex ships. I don't
10 know how it could have been done in any shorter
11 time.

12 In this period of four years, this electrical
13 equipment which I label complex, motors, generators,
14 transformers, etc., all names of equipment that we
15 know exists, we have had to produce in Canada
16 several hundreds of new designs.

17 Q. To comply with ---

18 A. To comply for shipboard use, particularly
19 ^{naval}for shipboard use. When you think of any company
20 in our industry which produces maybe a half dozen
21 new designs of equipment commercially per year
22 as being a healthy company keeping abreast of
23 developments, you will find that four and a half
24 years to develop those talents was rather com-
25 pressed, to get hundreds of designs, the skills
26 and talents necessary for our phase of ship-
27 building, and we can certainly appreciate that
28 the same problems existing in the shipbuilding
29 end do not come easy, they do not come at the
30



1 snap of a finger.

2 That I think gets more to the heart of our
3 brief in that we stress the need of maintaining
4 the industry from a national defence standpoint
5 because we all know, and I think reams have been
6 written about it and thousands of words poured on
7 to your ears, of the uneconomic operation of
8 shipbuilding in Canada. So I can only say that
9 what we have done as one part of a shipbuilding
10 industry has taken a long time. It bears out that
11 we cannot afford in many cases to let these skills
12 die purely from a national defence standpoint.

13 MR. SIMARD: Thank you.

14 COMMISSIONER WICKWIRE: Mr. Campanaro, is
15 there any group of electricians within the employ
16 of Canadian Westinghouse who could come aboard
17 a ship and wire a ship?

18 A. No.

19 Q. You have none?

20 A. No.

21 Q. Thank you.

22 A. We have supervisory engineers who
23 assist, who do assist the shipyards.

24 Q. And who could tell other people how
25 to wire a ship?

26 A. No, I don't believe how to wire a
27 ship. We have never undertaken that task.

28 THE CHAIRMAN: Yes, Mr. Gerity?

29 MR. GERITY: Q. Mr. Campanaro, do you
30



1 know whether the British ships that run from here
2 to Newfoundland, a province with which we seem to
3 be so much concerned, offer lesser rates than the
4 Canadian ones?

5 A. No, sir.

6 Q. You don't know anything about the
7 stevedoring practice in the port of St. John's?

8 A. No, I don't.

9 Q. Have you followed the proceedings of
10 this Commission?

11 A. As much as I possibly could.

12 Q. Have you by any chance read in
13 Exhibit 116 the answers of the British Council of
14 Shipping on some of the questions you have been
15 asked this afternoon?

16 A. I may have. In reading many things it
17 becomes rather difficult to do some of the sorting
18 that the layman like myself, not associated with
19 the industry, has to do.

20 Q. Thank you, Mr. Campanaro.

21 MR. GERIN-LAJOIE: Mr. Chairman, I should
22 like to ask a question arising from the latest
23 answers of Mr. Campanaro.

24 THE CHAIRMAN: Yes.

25 MR. GERIN-LAJOIE: Q. Mr. Campanaro, can
26 you tell the Commission if the electrical and
27 electronic engineering developments to which you
28 referred a moment ago apply to the construction
29 of merchant ships as opposed to Navy ships?
30



1 A. This development that we are talking
2 about in itself does not apply as of now to merchant
3 ships.

4 Q. And is it designed to apply at any
5 time to your knowledge?

6 A. Yes, it could be stepped down, scaled
7 down, let us say; these talents that we have
8 acquired we can scale down to the requirements
9 of merchant shipping, which again are much more
10 stringent than the requirements of normal
11 commercial electrical apparatus.

12 If we are manufacturing different electrical
13 apparatus, we have possibly three types of require-
14 ments, if we refer to shipbuilding. We have the
15 normal shore type of electrical equipment. The
16 next step up in grade and rigid specifications
17 would be merchant shipping, and then of course the
18 ultimate is naval shipbuilding, which is the talents
19 that we have acquired which can easily be scaled
20 down.

21 The reference to the merchant shipping
22 (to go back to an earlier statement) there has
23 been precious little merchant shipping to warrant
24 the effort. I will go back and say we are a
25 potential supplier of that shipbuilding
26 industry.

27 Q. In other words, I wondered about these
28 electrical and electronic developments, whether
29 they apply or would apply in the near future ---
30



1 A. They would apply.

2 Q. To merchant shipping as well as to
3 navy shipping?

4 A. They would apply.

5 THE CHAIRMAN: Any further questions?
6 Thank you very much, Mr. Campanaro.

7 MR. MUNDELL: That concludes the hearing of
8 all the briefs for presentation here, Mr. Chairman.

9 THE CHAIRMAN: We can say no more than that
10 we shall have to take all these considerations
11 and all others we have received into our survey
12 and attempt to reach a decision which will give
13 the proper answer.

14 ---The hearing concluded at 4.45 p.m.
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